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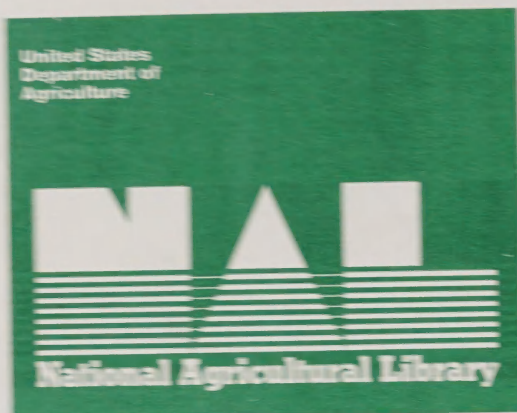
Secretary's Forum on Farm Policy

Washington State University
Agricultural Trade Center
Spokane, Washington
September 24, 1994

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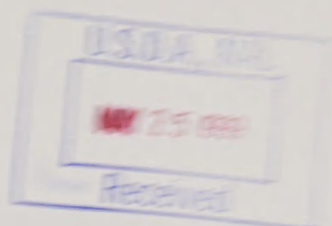


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Note: Major themes, recommendations, and summaries are presented without editorial comment or attempts to include opposing viewpoints. Inclusion of the statement does not necessarily imply USDA agreement as to the validity of the information presented.

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Executive Summary

On September 24, 1994, the U.S. Department of Agriculture held a forum on Agricultural Policy in Spokane, Washington, at the Agriculture Trade Center. The purpose of the forum was to elicit comments and input as part of the Administration's 1995 farm bill development process. A similar series of hearings was held last year. The forum was cosponsored by Washington State University. Welcoming remarks were made by Dr. Tom George, Provost, Washington State University. Introductory remarks were made by Thomas S. Foley, Speaker, U.S. House of Representatives.

Five USDA representatives under the leadership of the Under Secretary for International Affairs and Commodity Programs, Eugene Moos, listened to participants on 13 panels. There were 8 papers submitted by groups who could not speak at the forum. The participants included farmers, representatives of farmer associations, county and state officials, representatives of conservation organizations, and local ASCS employees. Each participant had 3 minutes to present his or her views. The USDA representatives explored additional questions and issues with panel members at the conclusion of each panel's remarks, time permitting.

In general, participants discussed U.S. agriculture's situation and outlook and offered recommendations on how farm policy could most effectively guide the nation into the next century. The major problems identified were the demise of the family farm, depressed commodity prices, unfair practices of agricultural trading partners, conservation compliance, and over-regulation.

Conservation compliance generated the most comments during the hearing. Speakers argued that farmers are dependable stewards of the land and support the need for conservation to minimize soil loss and maintain the quality of water and air without oversight from the Federal Government. In general, conservation measures were characterized as being harsh because they rely on a penalty-based approach for compliance. Many speakers discussed SCS-imposed regulations such as residue requirements and the over-burden of these regulations. An exception to the criticism was the Conservation Reserve Program which received strong support for its success, albeit with some criticisms of program administration.

Recommendations to improve USDA's conservation programs focused on changing their design and enforcement. One popular suggestion was to implement a package of incentives or "green payments." Producers would agree to a contract which would result in direct payments or subsidies as a reward for conservation-related activities. Another idea which had strong support was increased "local authority" and discretion for conservation measures which would make programs more relevant to specific farms. In general, participants favored extending CRP contract holders at current rates for 10 or more years.

Commodity programs were discussed often as needing modifications to restore a fair return to a farmer's labor. Participants described a situation where young farmers can no longer enter the farming business, and those already farming are struggling for existence. In particular, dairy, barley, dry pea, and lentil producers requested greater USDA assistance. In general, price support programs across commodity groups were deemed inadequate to cushion farmers from external market shocks such as destructive weather imports.

To improve USDA's commodity programs and alleviate the decline in traditional production, speakers recommended increasing price supports and loan rates to a level which enables farmers to at least cover production costs. Another frequent recommendation was to increase planting flexibility to preserve crop base and maintain an adequate income. An example of flexibility was allowing farmers greater crop diversity in their normal rotation. New programs were suggested for wool, honey, and sugar.

Unfair trade practices of competing countries such as Canada were mentioned as the most important reason why certain commodity prices are depressed. Barley, dry peas, and lentils were the most frequent-

ly cited commodities being brought into the United States unfairly because of Canada's over-production and subsidy programs. Recommendations for increasing domestic prices focused on getting better deals at the negotiating tables and promoting international trade and market promotion with strengthened export programs such as MPP, EEP, and PL-480. There were several suggestions to modify the EEP and MPP.

Crop insurance was a frequent issue mentioned by participants as essential for risk management. A frequent problem cited by speakers were complexities of the Federal Crop Insurance Corporation (FCIC) programs. Both farmers and insurance industry representatives argued that efforts should be made to reform the program to relieve the complexity, paperwork, and fraud resulting from FCIC regulations.

Agricultural research was argued by many participants as the backbone of our competitive edge which is being threatened by budget cuts and staff reductions to both university and Agricultural Research Service scientists. Several speakers discussed how only through research on new varieties and production techniques to produce value-added attributes to commodities can the United States retain its leadership globally.

Water use and the sole-source aquifer designation (SSA) of the Columbia Basin drew a significant number of comments, despite the fact that the issue rests with the Environmental Protection Agency (EPA). Speakers protested EPA's short timeframe for public comment on the proposal, and requested additional time and USDA's support on their behalf.

In summary, Spokane forum participants challenged U.S. agricultural policymakers to design and implement a Farm Bill which maintains the agricultural base of the Nation while preserving farming as a way of life. Specific examples of problems and solutions were offered.

List of Participants

USDA Panel

Eugene Moos—Under secretary of Agriculture for International Affairs and Commodity Programs

Keith J. Collins—Acting Assistant Secretary for Economics

Grant Buntrock—Administrator, Agricultural Stabilization and Conservation Service

Ken Ackerman—Manager, Federal Crop Insurance Corporation

Christopher E. Goldthwait—General Sales Manager and Associate Administrator, Foreign Agricultural Service

Wayne Fawbush—Deputy Administrator, Farmers Home Administration

Distinguished Speakers

Tom George, Provost—Washington State University

Tom Foley (D-Washington), Speaker—U.S. House of Representatives

Larry LaRocco (D-Idaho), U.S. House of Representatives

Jim Jesernig, Director—Washington State Department of Agriculture

Presenters

Panel 1—Commodity Programs

Steve Johnson, Executive Director—Idaho Grain Growers Association

Doug Scoville, President—Pacific Northwest Canola and Rapeseed Association

Bill Zagelow, Wheat Grower and Past President—Washington Association of Wheat Growers

Dixie Riddle, Producer/Grower—Mead, Washington

Phil Isaak, President—Washington Association of Wheat Growers

Panel 2—Trade Issues

Don Stonebrink, Commissioner—Oregon Grains Commission

Carol Rubin, Regional Representative—National Farmers Organization

Karl Felgenhauer, Treasurer—Washington Wheat Commission

Tim D. McGreevy, Assistant Administrator—USA Dry Pea & Lentil Council-Grower Division

Panel 3—Conservation

Jim White, Co-Chairman—USA Dry Pea & Lentil Council-Grower Division

Skip Mead, Supervisor—Columbia County Conservation District

John Payne, National Legislation Chairman, Washington Association of Wheat Growers

Parker Johnstone—National and Oregon Association of Conservation Districts

Bob Haberman, President—Washington Association of Conservation Districts

Panel 4—Commodity Programs

Frederick A. Blauert, President—Washington Wool Growers Association

Gilbert Huiznga, President—Washington State Dairy Federation

Don Grigg, President—Silverbow Honey Company/Grigg Apiaries

Marvin Hollen, Producer—Nyssa, Oregon

Panel 5—Water Issues

Leroy Allison, Commissioner—Grant County

Dwayne Blankenship, Farmer/Grower—Pullman, Washington

Alice Parker, Executive Secretary—Columbia Basin Development League

William Riley, Director—Big Bend Economic Development Council

Louis Meissner, Representative—Wilbur Ellis Fertilizer Company

Panel 6—Conservation

Turk Ely, Farmer—Waitsburg, Washington

Norm Goetze, President—Oregon Wheat Growers League

Diane Hollen, Board Member—Idaho Rural Council

Ron Stromstad, Director of Operations—Ducks Unlimited, Inc., Western Regional Office

Claude Sappington, Regional Director—Department of Ecology, Washington State

Panel 7—Farm Credit

John G. Nelson, Board Member—Ag America, Farm Credit Services

Cliff Carstens, Producer—Member of Palouse Clearwater Environmental Institute

Judith Hensle, Chairwoman—Pomona Grange, Whitman County

Norm Lee, Farmer/Rancher—Kooksia, Idaho

Robert C. Krug, Board Member—Farm Credit Services

Panel 8—Commodity Programs

Nate Riggers, Co-Chairman—USA Dry Pea & Lentil Council-Grower Division

Lloyd Lasz, Producer—Fairfield, Washington

JoAnne Krupke, Grower/Producer—Edwall, Washington

Gary Rosman, Farmer—Washington Farm Bureau

Stan Riggers, Chairman—Idaho Barley Commission

Panel 9—Conservation

Steve Watts, V.P., General Manager—McGregor Company

Carroll Schultheis, Producer—Colton, Washington

Rex Harder, Certified Public Accountant—LeMaster & Daniels CPA Firm

Jim Bauermeister—Palouse Clearwater Environmental Institute, Sustainable Agriculture Committee

Keith Kinzer, Producer—Genesee, Idaho

Panel 10—Farm Credit and Risk Management

Mark Booker, Farmer/Grower—Othello, Washington

Nellie Fuchs, Farmer/Grower—Tekoa, Washington

Nancy Taylor, Palouse Clearwater Environmental Institute

Jim Leifer, FCIC Chairman—Whitman County Association of Wheat Growers

Don Moeller, Secretary/Treasurer—Spokane County Farm Bureau

Panel 11—Commodity Programs and Conservation

Louise Dix, Washington Environmental Council

Tom Schultz, Chairman—Washington Barley Commission

Fred Riggers, Farmer/Grower—Nezperce, Idaho

Al Haselbacher, Executive Secretary—Intermountain Grass Growers Association

Panel 12—Conservation, Risk Management and Marketing

Brett Blankenship, Farmer/Grower—Associated Council of Governments

Paul Horel, President—Crop Insurance Research Bureau

Lee Hemmer or Richard Rice—North Douglas County Land Owners

Scott Lybbert, Secretary/Director—Columbia River Sugar Company

Michael Harker, Administrator—Washington Asparagus Commission

Panel 13—Conservation and Risk Management

Leland Roy Mink, Professor—Moscow, Idaho

Tanny Clarkson, Agency Owner—Hermance Insurance Agency

Steve Wedel, Vice President—Rain & Hail Insurance Services, Inc.

Karen Lee, State Executive Director—Alaska State ASCS Office

Richard Rush, State Executive Director—Idaho State ASCS Office

Submitted Papers

Don Himmelberger, Manager—Columbia County Grain Growers

Emile Robert, Robert and Sons Land and Livestock—Yakima, Washington

R. Ted Bottiger, Chairman—Northwest Power Planning Council

Robert Schwerin, Farmer/Grower—Walla Walla, Washington

Paul Weingartner, Organizer—Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council

David E. Ortman, Director—Friends of the Earth, Northwest Office

Nadene Naff, Keller District Council Representative—Colville Confederated Tribes

Robert J. Clark, State Master—Washington State Grange

Introductory Remarks

Speaker of the U.S. House of Representatives, Tom Foley

The 1995 Farm Bill will be an extremely important legislative policy statement on the part of the Congress. We've tended to pass farm bills every 5 years. The first farm bill I recall participating in was 1965. Over that time, conditions and circumstances have changed, sometimes dramatically.

We are going to need the best input and counsel that farmers and farm organizations can give to the Congress as we move into next year's agricultural farm bill. In the House of Representatives more than the Senate we find agriculture fractionated among interests that are urban and suburban and are consumer oriented to some degree. And so the 5-year farm program that comes before the House is one in which we need to educate our fellow members from urban and suburban areas about the importance of farm programs and farm policies.

I think it's important for us to be able to impress upon our colleagues the need to have reasonable programs that deal with issues like conservation. There's a great deal of interest in land conservation and rightly so, in the Congress. But I think in recent months I've been struck by the fact that regulation has to be rational. It has to be reasonable. It has to address local conditions. And we can't have a situation where conservation regulations become harsh or oppressive, or regulations tend to make it extremely difficult for farmers who wish to have sound conservation practices to succeed in doing so. I think next year's farm bill needs to address this issue as well as policies on an administrative level.

Also, to put my own opinions forward, I think it's very important that we continue with essential farm income support programs and export enhancement programs. We need to emphasize that as we move forward with an agricultural program and policy in the Congress.

Farmers face many risks, many dangers — from weather to international price movements. They need the understanding and cooperation of government in making agriculture the continued strong economic base for our national economy that it has been for so many decades.

I want to thank all of you for coming. I welcome the opportunity for this forum to hear specific recommendations, comments, criticisms, and concerns of the farm audience that is gathered here. Thank you very much.

Under Secretary Eugene Moos

I am delighted to be here in the Pacific Northwest and the State of Washington and to join my old friend, Congressman Tom Foley. I look forward to you helping the Department of Agriculture, Secretary Espy, and myself pass a successful farm bill, an extension of our present farm policy.

I want to express our appreciation to Provost George of Washington State University for his introduction and assistance in setting up this program. I want to especially recognize Harry Berkolo from Washington State University who was also critically important along with the Washington State ASCS office in Spokane for putting together this farm policy forum.

We're here in Spokane today kicking off a series of these farm policy forums across the United States. We're going to be conducting these kinds of policy-gathering information forums over the next 8 or 10 months, traveling around the United States. Next month we go to Texas. In November we'll probably be in Vermont. And then we'll have a schedule in the spring. We are trying to go directly to the grass roots, if you will, to gather information, to gather advice, and recommendations on how best to renew our existing farm policy structures.

As the Congressman indicated, we're up against the decision on what to do for the future of agricultural policy here in the United States in terms of government involvement to the end of the century. What we do in the 1995 Farm Bill will set the stage as we go into that competitive arena that we know will exist in the world starting now and into the next century.

I am very much interested in being able to expand agricultural exports. I see this goal as the future for American agricultural producers as well as our agricultural industry. I have a very ambitious goal of increasing agricultural exports by 50 percent by the end of this century. In order to accomplish that kind of a goal, I will not only be looking for the cooperation and support of the Congress, but I'll need your support here in the industry as well.

I think that given the kind of working partnership that we've developed between the Federal Government and the industry and the producers and the environmentalists and everybody else, we can move forward in an appropriate fashion to reach some of those goals. I think that if we are not stifled by too many rules and regulations, we can utilize the productive capacity of American agriculture. I think it's essential, if we're going to have a viable agricultural economy in the United States given our production capacity, to look to that foreign market.

Washington State is in a particularly advantageous position. All of the Pacific Northwest and the Pacific slope of the United States can capitalize on these opportunities. We've seen some breakthroughs in recent months, apples to China, and apple soon to be shipped to Japan. I have a goal to get Pacific Northwest white wheat into China. I think we're making some progress in that regard as well. So if we can get your support, your advice on how to move forward to accomplish these goals, if we can get the support of the Congress, I think that we can realize these kinds of goals.

Major Themes and Recommendations of Participants ¹

The Secretary's Forum at Spokane's Ag Trade Center drew 62 presenters. There were 8 submitted papers from participants who did not make a presentation at the forum. The major themes and recommendations are summarized below.

Situation and Outlook for The 1995 Farm Bill

- The future of American agriculture is very dim for family farmers. Consumers pay more for a box of corn flakes than for a bushel of corn, and yet, family farmers continue to suffer financial hardships. We have a cheap-food policy in the United States that encourages farmers to use pesticides, insecticides, and animal husbandry practices that are not environmentally sound. Farms must become larger to spread out the costs. **(Idaho Rural Council)**
- The success and survival of family farms depends on a sustained wise use of all the resources available to us. We should not be looked on as choosing this profession as a lifestyle, but as an economically viable business. **(Turk Ely, Farmer)**
- Farmers are not able under current price structures to replace equipment. A price level must be achieved that permits farmers to reinvest in their operations, rather than mine the last few dollars of their equity in producing food at below the cost of production. **(Northwest Farmers Union)**
- The financial well-being of many farmers, especially those just getting started in agriculture, is tied more than ever to the viability of our rural communities. Today's agriculture is highly dependent on a modern infrastructure of processing, marketing, and transportation services to stay competitive in the world markets. Rural communities and businesses must continue to invest in those infrastructure areas to keep their local agriculture vibrant. Requests for quality rural housing, medical facilities, waste management, clean water, schools, and modern communications facilities are items on the wish list of most communities. But, many rural towns and businesses are finding it difficult to obtain the financing to maintain the necessary commitment to modernization and growth. **(The AgAmerica District Farm Credit Council)**
- Farm programs have no financial incentives for planting legumes and grass in a rotation for better soil health, and those who attempt to adopt non-renewable and resource conserving crop rotations outside the provisions of a farm program have lost future program benefits. **(Palouse Clearwater Environmental Institute)**
- The only danger from market disruption caused by overproduction has turned out to be from rapid growth in the Canadian pea and lentil industry. Canadian dumping of cheap product into both U.S. domestic and foreign markets has depressed U.S. grower prices to historically low levels. **(USA Dry Pea & Lentil Council)**
- We applaud the restrictions on Canadian wheat imports, but must express our extreme disappointment with the lack of any protection for the U.S. barley market. Canadian barley imports have had a devastating effect on our domestic prices and on the increased cost to American taxpayers as a result of higher than expected deficiency payments. **(Northwest Farmers Union and Idaho Barley Commission)**
- We appreciate the budgetary stranglehold placed on Federal farm programs today, but must continue to press the point that agriculture has contributed its share toward deficit reduction. The deficit reduction programs have disproportionately reduced supports to the commodity programs, an average of 9 percent per year since enactment of the 1985 Farm Act. Supports paid to farmers now equal less than 1 percent of the Federal budget, a small price to pay to keep a plentiful supply of low-cost food for the consumer. **(Idaho Barley Commission, Washington Farm Bureau, and Northwest Farmers Union)**
- As farm supports decline, farms continue to get larger and many now concentrate their production in just a few commodities. Vertical integration and contract farming are replacing traditional production and marketing structures. **(Washington Farm Bureau)**
- As the conservation compliance clock has wound down toward full implementation, the noose has steadily tightened around the necks of farmers while chipping away at the freedom, dignity, and self-esteem of good people with strong ties to the land. We are concerned that many farmers are being forced into making poorly thought-out changes in practices, more for the sake of complying than for any agronomic, conservation, or economic benefit. The main objective, protection of soil and water quality, is slowly disappearing from our consciousness as we narrowly focus on

¹ Major themes and recommendations have been quoted or paraphrased.

meeting arbitrary guidelines and rigid mandates for residue retention, particular tillage, techniques and other so-called “approved” practices. **(The McGregor Company)**

- USDA reports indicate that overall farm income is up from previous years, but our association maintains that the grass-roots-level farms are struggling for their existence. The farm bill must include income support levels equal to or better than the current program. **(Idaho Grain Producers Association)**
- In 1986, the Food and Drug Administration granted canola oil the status of “generally regarded as safe.” Thus, growers and industry felt that canola’s status as lowest in saturated fat among commercial vegetable oils would result in increased demand by U.S. consumers. However, one major obstacle to increased U.S. canola production was the restriction in the farm program that only program crops can be planted on base acres and be eligible for income support benefits. This restriction prevents growers from introducing canola into their rotations. Fortunately, in the 1990 Farm Bill, the 0-92 program was adopted which allowed planting of alternative oilseeds on program crop base acres. **(Pacific Northwest Canola and Rapeseed Association)**
- If present farm policy continues, Canada will become the major barley supplier in the region. This change is the result of our two farm policies being incompatible. Canada exploits our farm programs, our producers, and our taxpayers. The Executive Branch of our government failed to consider the situation of barley producers in trade agreements. When the Canadian-U.S. Free Trade Agreement was negotiated in the 1980’s, U.S. grain producers discussed their concerns over monopolistic sellers and transportation subsidies, but these concerns were not addressed during negotiations and the practices continue. Furthermore, the Canadian-U.S. agreement established a set of formulas for comparing our subsidies which is slanted in Canada’s favor because only Wheat Board initial payments count toward Canadian acquisition cost, ignoring interim and final payments. The current administration has done no better—producer concerns were sidelined in the NAFTA and GATT agreements, and barley was ignored in the August 1 settlement with Canada. Canada has exactly what it wanted: a 1-year quota for wheat imports at record levels, no limits on barley imports, a promise from the U.S. for no further trade action, abolition of Section 22 through the GATT agreement, and a joint panel on grain which will provide non-binding recommendations. Additionally, export programs for barley are not being used; the export enhancement allocation for barley malt expired on June 30, and new allocations for the 1994/95 marketing year are still awaiting approval from the Administration. Allocations for feed and malting barley expire soon, and there is little sign of movement on those packages either. **(Oregon Grains Commission)**
- Conservation compliance is a key issue for Washington wheat growers because they are in the process of coming into full compliance with the regulations contained in the last two Farm Bills. We feel there are some problem areas with the rules and policies that need to be addressed in the 1995 Farm Bill. The current compliance system requires farmers to achieve a level of compliance based on an amount of residue on the land at seeding time. When a farmer is found out of compliance, he is subjected to a lengthy appeals process. **(Washington Association of Wheat Growers)**
- The passage of the 1985 Food Security Act—the Farm Bill—marked a shift in American farm policy; for the first time, a producer’s eligibility for most USDA farm program benefits was linked to conservation behavior. However, the 1985 act was a penalty-based approach that punished negative behaviors, i.e., farmers who used highly erodible land would lose USDA farm program benefits unless they applied an approved conservation plan. However, much more could have been accomplished by offering incentives to producers who practiced good stewardship in the first place. **(Oregon Association of Conservation Districts)**
- The dairy industry is in an unstable position at this time. In 1981, there were 1,650 dairy farms in Washington. We now have only 1,016. This instability is on an escalating trend line with 143 of the state’s dairy farms ceasing operations since 1992. The cause of instability in the dairy sector is clearly related to the price of milk received by farmers. In July 1981, the average weighted price I received for milk was \$13.45 per cwt, while in July 1994, the price had dropped to \$11.36 per cwt, a drop of 15.5 percent. The downward price trend for milk is directly related to support price reductions that Congress and USDA have implemented over time. **(Washington State Dairy Federation)**

General Recommendations for 1995 Farm Bill

- We must accomplish the following goals in the 1995 Farm Bill:
 - (1) reform farm programs to foster family farms and environmental stewardship;
 - (2) strengthen conservation programs and encourage whole farm planning;
 - (3) provide a safe and abundant food supply for all Americans;
 - (4) guarantee farmers a price above their cost of production with a fair return on their investment;
 - (5) reform commodity programs that encourage and favor large farms over family farms;
 - (6) provide realistic supply management for commodities and control over-production; and
 - (7) fund programs that encourage economically and environmentally sustainable agriculture. (**Idaho Rural Council**)
- Lenders make decisions based on the anticipated or projected income stream of a borrower's operation. For many producers, that income stream includes expected payments from the government. We believe that in fashioning the new Farm Bill, Congress and the Administration must consider the combined impact of all USDA farmer programs (including the importance of CRP payments) on the profitability of the individual farmer and rancher. (**The AgAmerica District Farm Credit Council**)
- Improving net farm income, enhancing the economic opportunity for farmers, and preserving property rights are our most important goals and should be the foundation on which all commodity price and income support programs are built. We favor market-oriented agriculture with supply and demand, rather than government action, ultimately determining production and price. (**Washington Farm Bureau**)
- U.S. policies affecting agriculture should be designed to:
 - (1) ensure U.S. consumers access to a stable, ample, safe and nutritious food supply and minimize world hunger and nutrition deficiencies;
 - (2) continue to improve the environment through expanded voluntary initiatives;
 - (3) improve the quality of rural life and increase rural economic development; and
 - (4) create a long-term, competitive and desirable agricultural growth industry by enhancing U.S. agriculture's competitiveness in the world market. (**Washington Farm Bureau**)
- Successful operation of the commodity programs requires vigilance in regards to practices that keep our American producers competitive and viable. Commodity programs must aggressively address the subject of profitable price levels and protection from unfair foreign interference. (**Northwest Farmers Union**)
- We must develop a program that meets the dual objectives of a strong income safety net for producers and competitiveness on the world market. (**Idaho Barley Commission**)
- We need an approach in the 1995 Farm Bill which offers incentives and rewards innovation rather than one which threatens and coerces reluctant cooperation. The 1995 Farm Bill will hopefully provide SCS with the breathing room necessary to back off what is merely measurable and enforceable and allow them to realign themselves with farmers as partners, working together to reduce soil erosion and improve water quality through every available and practical means. (**The McGregor Company**)
- A consistent, long-term, market-oriented farm program should be pursued that would:
 - (1) Rely less on government and more on the market;
 - (2) Allow farmers to take maximum advantage of market opportunities at home and abroad without government interference; and
 - (3) Encourage production decisions based on market demand. (**Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation**)
- We believe U.S. policies affecting agriculture should be designed to:
 - (1) Ensure that U.S. consumers have access to a stable, ample, safe, and nutritious food supply;

- (2) Continue to improve the environment through expanded initiatives to encourage voluntary soil conservation, water and air quality programs, and advanced technological and biotechnological procedures;
 - (3) Minimize world hunger and nutrition deficiencies;
 - (4) Create a long-term, competitive and desirable agriculture growth industry;
 - (5) Enhance U.S. agriculture's competitiveness in the world market;
 - (6) Improve the quality of rural life and increase rural economic development; and
 - (7) Promote actions which will permit new concepts to be introduced that will allow the market to give accurate economic signals. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
- The Administration needs to look seriously at how farm subsidies remain linked to environmental impacts. In the past, the farm bill has been utilized to institute buyouts of dairy herds. Unfortunately, this has merely produced a cycle of buying and selling that did not address the problem. In the Northwest at least a portion of dairy herds are grazed on diked wetland pastures. In the future, any further dairy herd buyouts should be accompanied by a program which would breach dikes and restore these wetland areas. This would short circuit the rebuilding of herds in these areas. **(Friends of the Earth, Northwest Office)**
 - State and national Grange members would like to see farm policies that move away from the use of farm commodities as the rationale for programs to support farm income. Rather, we would like to see a movement toward farm programs that identify the maintenance of a broad array of human resources in agriculture as a principal goal. A progressive farmer-oriented farm policy should be strictly means-tested in order to ensure that the benefits of Federal farm programs accrue to the broadest possible number of family-size farms. **(Washington State Grange)**
 - Will the 1995 Farm Bill continue to promote Indian agriculture? Have the 1990 Farm Bill provisions been fully implemented? If not, what are the barriers? **(Keller District Council Representative, Colville Confederated Tribes)**
 - We would like the cost of implementing watershed approaches and associated salmon restoration efforts to be shared among interested parties. All parties need to pool available human, fiscal, and natural resources to provide the most effective gains. We encourage you to provide for this need in the Farm Bill. **(Northwest Power Planning Council)**
 - We are opposed to modifications in the program that would change direction away from the market-oriented goals of competitive loan rates, voluntary stock reduction programs, and income supplement as farmers move toward a market-based agriculture. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
 - We oppose any income means test applied to farm program payment eligibility. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
 - Producers should not be penalized for taking action based upon inaccurate guidance from USDA officials. If a repayment is required as a result of such action, it should be limited only to principal. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
 - We oppose the secretary using his discretionary power to offer a marketing loan for feed grains and wheat. The General Agreement on Tariffs and Trade (GATT) triggers of the 1990 budget act require the use of marketing loans for wheat and feed grains. Farmers should not bear the financial burden of this retaliatory trade mechanism. Therefore, the marketing loan should be offered at the basic loan rate level rather than applying loan rate adjustments designed to achieve greater competitiveness. Grain should not be eligible to enter the Farmer-Owned Reserve Program if it is eligible for marketing loans. If a Farm Bureau-supported GATT agreement is implemented, the marketing loan requirement for wheat and feed grains should be discontinued for subsequent crop years. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
 - We oppose the Commodity Credit Corporation (CCC) exempting itself from Federal rule-making notification and public comment procedures. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**

- Tenants or landowners should not be denied benefits of Federal legislation on any farm that is in compliance with the provisions of the program, regardless of the compliance status of their other farms. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**

- Participation in any Federal or state water project should not adversely affect a grower's participation in any USDA farm program. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**

- We favor an enhanced and extended 0/92-type program for farms which have suffered flood-related damage that has rendered the land untillable. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**

- We would support the following specific legislative changes to the 1990 farm act, if they can be accomplished without a full reconsideration of the Act:

(1) All deficiency payments should be determined by using the first 5 months of the marketing year. Congress should repeal the provision to use the 12-month deficiency payment calculation for the 1994 and 1995 crop years.

(2) The 0/92 program should be modified to repeal the provision permitting minor oilseed plantings on conservation use acreage.

(3) Payment limitations under the commodity loan, acreage reduction, and disaster programs should be eliminated. If a limitation must apply to cash deficiency payments, we favor no limit lower than the present \$50,000 limitation. Producers eligible to receive payments in excess of \$50,000 should receive CCC generic certificates in lieu of cash payments reduced by the limitation. If a payment limitation is in effect, no rules in defining a person should penalize farm operators who legitimately share labor, equipment, and other resources as a normal course of operation. Payment limitation information should be modified to require only basic information from farmers.

(4) All commodities are interrelated and any change in supply, demand, or price of one affects the others. Program crop policies should not be developed at the expense of non-program crops and other commodities. Permitted crops grown on flexible base acreage should not receive

deficiency payments. Permitted non-program crops should include oilseeds (soybeans, sunflowers, safflower, canola, sesame, and castor beans), forages and/or hay (legumes, corn or sorghum, small grains, grasses and mixtures), and experimental and industrial use crops (kenaf, guayule, crambe, jojoba).

(5) Voluntary acreage base flexibility should be available on the entire farm acreage base provided that no program benefits are paid on permitted alternative crops produced on the flexible acres.

(6) We oppose the use of loan origination fees for government non-recourse loans. We oppose program service fees that are applied to deficit reduction and oppose assessing farmers for the costs of government food assistance programs.

(7) Farm program tolerances should be 5 percent with a maximum of 50 acres for those complying with the farm program.

(8) Agricultural Stabilization and Conservation Service (ASCS) yield procedures should be amended to allow producers to furnish actual production evidence and thereby have a farm payment yield which is based on proven production instead of the current procedure, which is based on outdated yields of similar farms. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**

- We favor legislation that will reimburse deficiency payments which are wrongly deducted or not paid to producers due to alleged overpayment by ASCS. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
- USDA should provide producers with flexible programs for coping with advanced deficiency repayment requirements. This flexibility could be offered through implementation of the targeted option payment (TOP) program or through pro-rated deferral of the repayment for subtraction from subsequent deficiency payments. **(Spokane County Farm Bureau, Washington State Farm Bureau, American Farm Bureau Federation)**
- Farm Bill strategy:
 - (1) Do not open the doors of the farm credit bank to every one.

- (2) Do not make anything mandatory in order for the farmer to participate in the farm bill.
 - (3) Do not make it mandatory for a farmer to have Federal crop insurance in order to participate in the farm program.
 - (4) Do not refer to past farm bills in regard to rules and regulations when dealing with the present-day farmer.
 - (5) Do not put sanctions on a farmer.
 - (6) Do not prosecute or put sanctions on any farmer for how they farm their property, but instead join in a vast and mutual agreement for the good of the Nation.
 - (7) Change the form of marketing. The futures market is unfair to the small American farmer.
 - (8) Restrict the news media, so farmers have time to make decisions before the news appears in print.
 - (9) Do not recall any payments from farmers.
 - (10) Do not allow anyone other than farmers to participate in the farm programs.
 - (11) A farmer's home and personal property should be immune from foreclosure.
 - (12) How is NAFTA going to fit into the new farm bill?
(**Nellie Fuchs, Farmer**)
- There are two USDA programs that must be renewed unchanged. The first is the commodity programs, in general, that serve as safety nets when prices fall due to circumstances beyond the control of the U.S. farmer, and the second is the conservation programs such as the CRP.
(**Washington Association of Wheat Growers**)
 - My remarks concern our association's position on the 1995 Food and Security Act:
 - (1) Target prices should be increased to reflect inflation and a government index used to adjust target prices on an annual basis.
 - (2) No ARPs. Our country gives up market place and hurts producers when we reduce production in vain attempts to influence prices.
 - (4) Non-recourse CCC market-clearing loans need to be continued at a level somewhat higher than currently.
 - (5) Flex acres should be reduced or eliminated if they are non-paid, or allow producers to choose non-program crops to be grown on non-paid acres.
 - (6) Increase payment limitations to reflect inflation or eliminate them completely.
 - (7) Restore the 0-92 program.
 - (8) Grant so called "green payments" to address environmental concerns in addition to basic commodity programs.
 - (9) Give producers the right to prove their yields to reflect more current production.
 - (10) Continue use of aggressive market promotion programs. (**Washington Association of Wheat Growers**)
 - A program needs to be put into place that allows farmers to make long-term plans to maximize the profit potential of their operations. The worst possible policy choice is one designed as a short-term stopgap measure. For the lending community, perhaps the most important aspect of any Farm Bill is its continuity. Farm programs should bring continuity, not expand uncertainties. Farmers are able to best maximize the profitability of their operation if they can make long-term plans. (**The AgAmerica District Farm Credit Council**)
 - There is evidence that annual acreage reduction programs have contributed to a loss in export market share and have been only partially effective as a price support mechanism. Alternatives to annual set-asides, such as multi-year set-asides designed to achieve conservation/wildlife habitat goals, an environmental TOP program, and a flexible CRP program (which acts as a natural resource reserve), should be explored. (**Washington Farm Bureau**)

Conservation—General

- Congress needs to mandate that farm owners and managers, ASCS and SCS committee members, and extension and land-grant college specialists work together in meeting the goals of the new farm bill. Instead of penalties and fines which often border on the ridiculous, we need incentives to accomplish minimum soil loss, clean air, and clean water. **(Turk Ely, Farmer)**
- There are only two reasons why conservation interests are so heavily involved in the farm bill debate: (1) the potential to positively impact a significant portion of the Nation's landscape, and (2) farm programs can provide a source of conservation funds. **(Ducks Unlimited, Inc.)**
- Future budget cutting efforts will restrict the ability of price support programs to coerce implementation of environmental practices. From a budgetary standpoint, it would be a clear advantage to develop conservation incentives separate from current commodity price supports. **(Washington Farm Bureau)**
- In areas of eastern Washington the main concern is wind erosion. Filterstrips and sod waterways are inadequate to address the problems associated with wind erosion. Many acres are needed to curtail the rolling effect of wind erosion. **(North Douglas County Landowners)**
- When the EBI equation was evolved for the 1990 Water Quality Program wind erosion was not factored into the equation. Wind erosion has an adverse effect on water quality in the Pacific Northwest. We feel strongly that this factor should be included within the EBI formula. **(North Douglas County Landowners)**
- The Administration must make it clear that Federal agricultural assistance programs are not a property right and that there is strong support to prevent Federal agricultural assistance programs from subsidizing wetlands drainage, alteration, and loss. In addition, the Administration must help clarify that the provisions of Swampbuster are separate from and independent of the dredge and fill permit program administered by the Corps of Engineers. It is time for the Administration to oppose efforts to gut the Clean Water Act's Section 404 provision. Section 404 is the only public process which is able to watchdog the conversion of agricultural land out of agricultural production. **(Friends of the Earth, Northwest Office)**

- Common sense tells us that if we are to meet conservation objectives, landowners must be encouraged to install and maintain long-term plans. The best way to accomplish this is through incentive-based conservation programs. There are numerous pilot programs that positively demonstrate the benefits of voluntary incentive-based conservation programs. Such programs can be tailored to individual counties and offer a chance for a better relationship between farmers, farm organizations, consumers, environmentalists and government. A one-size-fits-all policy will just get us into trouble. **(Larry LaRocco (D-Idaho)—U.S. House of Representatives)**
- We hope the 1995 Farm Bill addresses the conservation efforts around the habitat issues pertaining to the salmon recovery issues. Right now we have harvest shut downs and are trying to improve habitat. We are particularly concerned about measures placed on our hydro system in the Northwest which impact the entire area. **(Jim Jesernig, Director, Washington State Department of Agriculture)**

Conservation Compliance

- We cannot be put under an all-encompassing, farm-by-the-numbers regulatory agency (i.e., SCS) and still be enthused about creative and innovative farming methods. Mother Nature often proves most model predictions wrong. **(Turk Ely, Farmer)**
- Conservation compliance measures have had a major impact on both air and water in the Palouse region, where nearly all land is classified as highly erodible. Residue requirements of compliance planning have resulted in less grain stubble burning. **(Washington State Department of Ecology)**
- A farm program should support conservation efforts that preserve our soil and protect our environment. However, the minimum conservation requirements in the program should not include practices that are untested, impractical, or economically unjustified. **(JoAnne Krupke, Grower/Producer)**
- New regulations, such as SCS requirements to achieve conservation compliance, should be economically feasible for producers to implement on their farms. **(JoAnne Krupke, Grower/Producer)**

- When you tie together conservation compliance with production adjustment payments, you should consider the expertise of the true environmentalists—the 3rd and 4th generation American farmer. Factor in their experience with the phrase “best management practices.” We used to laugh when we heard that John Deere was going to make a tractor cab with 2 seats—one for the farmer and one for the SCS guy. I don’t think they could make a tractor cab big enough for all the people offering advice now on how to farm. **(JoAnne Krupke, Grower/Producer)**
- Steps should be taken to reduce the risk for farmers if they are slightly “out of compliance.” If farmers come within 90-95% of meeting arbitrarily derived guidelines, they should receive no less than 90-95% of the price support assistance they depend on to support themselves and the entire rural infrastructure. Increased flexibility to do what is best and a responsible reduction in penalties will not inspire widespread abuse. **(The McGregor Company)**
- Some problems have been voiced by farmers trying to meet residue requirements. Each farmer’s whole-farm plan should be considered when a farmer cannot meet residue requirements on certain fields. **(Carroll A. Schultheis, Producer)**
- A solution to the current problem of local control in conservation compliance is to put the SCS technicians back in the field as service representatives instead of in the office pushing papers. The paperwork is created by too many levels of supervision. Most of the non-county-office staff should be laid off. **(Kieth Kinzer, Producer)**
- As we look ahead to next year’s bill, it is critical that we do not allow conservation compliance costs to jeopardize both the financial stability and environmental objectives of the 1995 Farm Bill. Rather, we should strive to implement new conservation methods that will enhance our soil and water resources without bankrupting our farmers. **(Larry LaRocco (D-Idaho)—U.S. House of Representatives)**
- Regulations are unfair which are required for eligibility for support payments, loans, and other soil conservation payment participation programs. Following are three examples why these regulations are unfair. Residue requirements, which are determined by the amount that can be found on top of the ground, do not include the residue 2 to 3 inches below the ground that is not counted. I am considered out of compliance on all farms even if only one out of 20 land owners in my operation is out of compliance. This is not fair to the other 19 land owners who use good conservation practices. Finally, if I am farming these same 20 farm tracts and I am out of compliance on one unit, I could lose all farm program benefits for 5 years. This is harsh punishment which could put a young farmer out of business. Thus, more realistic regulations are necessary which can be implemented by local ASCS committees based on farming and crop types in a given region. **(Dixie Riddle, Producer/Grower)**
- In the Palouse Region a team approach of innovative farmers teamed up with land-grant university researchers, soil conservation service technicians, and local conservation districts has made monumental strides in soil conservation practices. Our association requests that this team approach, with farmers in the lead, be reestablished with a return of farm conservation plans to the farmer. Conservation cannot be measured by residue alone, the measure of health used by the Federal Government. For the pea and lentil grower, the little residue remaining after harvest would not qualify according to the Field Office Technical Guide definitions. In response to this threat, alternative conservation measures were designed with the team approach of farmers, researchers, SCS personnel, and conservation districts. Unfortunately, these measures have been falsely questioned by outsiders. For the 1995 Food Security Act, we request flexibility so that conservation problems be addressed at the local level, with local solutions to local problems. **(USA Dry Pea & Lentil Council-Grower Division)**
- Local authority is needed to handle the task of developing conservation systems; there is no way for area, state, and national SCS to handle the load given the rainfall and crop diversity. There is also a need for a local technical group to oversee farmer experimentation and allowance of non-compliance for specific weed and disease problems. We envision a county group that would have a base in the Conservation District and ASCS with help from SCS, ARS, and Extension Service, with credibility gap coverage from county commissioners, county planners, environmental groups, and commodity groups. Control would remain with the local people. **(Columbia County Conservation District)**
- The system of conservation compliance would be more effective if local offices were given more authority to settle cases. The current system is too harsh because if the appeal fails, there is a fine for the first offense and a probation period of 5 years with the threat of total program payment loss during that period. The new farmer found to be not qualifying should be simply given more assistance by

SCS, not punished. Thus, we suggest removal of the 5-year probation and the total payment loss components of the program. Second, if there is a fine because a tract of land is out of compliance, it should be against the tract only and not against the producer and other parties associated with the land. Another area negatively affecting the new farmer is the regulation 510.71 (C). This rule states that if you have invited an SCS employee to your farm to help with a conservation problem and they observe a violation, they must notify the District Conservationist and a status review must be performed. Having a person on the farm to help with problems who is also forced to be a soil policeman does not promote farmer-government relations.

(Washington Association of Wheat Growers)

- Local input is needed on conservation compliance. Since the 1985 Farm Bill Congress has passed bills that dictate the SCS agenda from Washington, D.C., resulting in the SCS technician becoming a data processor instead of an active field participant. The SCS technician should be moved back into the fields with direction coming from the local advisory board already in place as the local conservation district. It is impossible to develop a national standard to measure whether a farmer is in compliance with his farm plan. **(Washington Association of Conservation Districts)**

Conservation Reserve Program (CRP)—General

- The present CRP has been an exceptional success and there is strong and widespread support for its continuation. If CRP is extended, the benefits will have to be targeted. In the future, erosion per se and the indirect effects on commodities will be of lesser importance than in the original legislation. **(Oregon Wheat Growers League)**
- The HEL concept is still viable as an eligibility criteria for CRP, but it needs improvement by integration of water quality, air quality, fish and wildlife habitat improvement, and overall ecosystem environmental enhancement. **(Oregon Wheat Growers League)**
- Landowners would not be interested in permanent easements on private land. Some would support easements with definite termination dates. **(Oregon Wheat Growers League)**
- We recommend renewal of the CRP, accompanied by guidelines that direct the limited funds to those areas providing the greatest public benefit, such as the steep-slope lands with precipitation patterns and erodible soil types that cause the most sedimentation damage to waterways. It is vitally important to establish intermittent blocks of permanent vegetative windbreaks in large areas of light, wind-blown soils. **(Washington State Department of Ecology)**
- Bankers and farmers are two of the key audiences needing information if an environmental reserve program is developed. Effective voluntary farm programs should address soil conservation concerns as well as ensuring some income security for farmers while supplying an adequate food supply. **(Palouse Clearwater Environmental Institute)**
- The CRP program should be extended for another 10 years. The CRP has expanded wildlife habitat, saved and improved air and water quality, enhanced wetlands, and encouraged tree plantings. At the same time, it has reduced deficiency payments and helped to stabilize farm income. Extending CRP would help avoid another grain reserve program bringing increased costs to USDA if all these additional acres are brought back in production. **(JoAnne Krupke, Grower/Producer, Idaho Barley Commission, and Carroll A. Schultheis, Producer)**
- The CRP should be extended since it has been one of the few farm programs that has really worked, and the conservation, environmental, and wildlife benefits outweigh the budget and other concerns. Producers with existing contracts, especially on highly erodible land, should have the opportunity to negotiate a new contract, perhaps with a different payment rate, different shares, and new producer eligibility requirements. **(LeMaster and Daniels Accounting and Consulting Services)**
- A scaled-down CRP that addresses rather than postpones resource problems and focuses federal investment where it will have the greatest environmental return would:
 - (1) focus on impaired watersheds as prioritized by the state;
 - (2) retire the most erodible (Class VI & VII) lands from annual crop production;
 - (3) support conservation practices such as contour sod strips, grass waterways and riparian filterstrips that enable farmers to meet conservation compliance or water quality plans; and

- (4) limit enrollment to no more than 25 percent of a farm, unless a greater portion is Class VI or VII land. Lands that can be economically protected with other conservation practices, such as terraces or crop strips, should not be enrolled in CRP. **(Palouse Clearwater Environmental Institute, Sustainable Agriculture Committee)**
- The CRP could have been a good one but instead was used as a retirement program or a way to prolong control of ground. It also diminished our ability to produce and therefore compete in the world markets. I urge you to alleviate or reconstruct the CRP program. Ground that is not highly erodible should have never been allowed into this program. **(Kieth Kinzer, Producer)**
 - We are in favor and appreciate the Secretary's recent announcement of extending the 1995 contracts 1-year. This extra year allows growers to make timely management decisions. We favor this same courtesy with the upcoming year's contracts. **(Washington Barley Commission)**
 - Extend the CRP program. **(Intermountain Grass Growers Association)**
 - Waive the "highly erodible" designation for CRP eligibility on land over "Sole Source" aquifers. **(Intermountain Grass Growers Association)**
 - The cultivated dry land of Washington State is plagued with wind and dust erosion. The Conservation Reserve Program has helped enormously in alleviating the erosion. We strongly feel that there should be a continuation of the Conservation Reserve Program. **(Robert and Sons Land and Livestock)**
 - The CRP program has had a generally successful role in limiting agriculture on highly erodible land. Administration of the program has been less successful, however, when farmers are allowed to hay grassy acreage at the expense of wildlife under "emergency" conditions. The Administration needs to take a harder look at purchasing highly erodible land. In the long term, it does not appear to be a wise investment to merely "rent" this land, only to have this land go back into production should the "rent" disappear. This is particularly true for cropland planted into trees. Will these tree farms be turned under if the CRP program is not renewed? **(Friends of the Earth, Northwest Office)**
 - This program has put more than 36 million acres under vegetative cover since 1985. When CRP contracts begin to expire next year, much of this land will be returned to production and be subject to conservation compliance provisions. This could negate the benefits that have accrued over the last 10 years. We believe the CRP lands in the Columbia River Basin should remain protected as part of the 1995 program. Funding for CRP ought to be extended, with more conservation aspects added, such as planting trees and riparian enhancement. **(Northwest Power Planning Council)**
 - The CRP should be continued in the 1995 Farm Bill. Given the constraints of the Federal budget, funds should be targeted in areas where the greatest benefit can be achieved. Finally, USDA and SCS need to refocus on those areas that are not tied to a commodity program such as urban conservation, irrigation water management, rangeland management, dairy waste management, and soil surveys. Conservation districts need SCS help in these areas—another opportunity where local opinion could provide direction. Flexibility should be built into the 1995 Farm Bill. **(Washington Association of Conservation Districts)**
 - We see expanded opportunities for the 1995 Farm Bill to provide wildlife habitat and still be friendly to the needs of the individual farmer. The CRP is arguably the greatest conservation program ever run by USDA. Many species of nongame, neotropical and other migratory birds are seeing a reversal of declining populations due to nesting habitat provided by the CRP, especially in the Great Plains. Nesting cover provided by the CRP is largely responsible for an estimated increase of 13 million in this year's duck fall flight, and has had positive impacts on big- and small-game populations in western states. **(Ducks Unlimited, Inc.)**

Financing a Future CRP

- If water quality enhancement and other societal benefits are the primary goals of future CRP programs, support should come from general sources and not from reductions in commodity support. Let the CRP stand solely on its environmental benefits at a level society is willing to support. (**Oregon Wheat Growers League**)
- CRP more than pays for itself through reductions in non-conservation farm commodity program outlays, revenue generated by hunting and appreciative wildlife uses, and protection of the food producing capability of the land enrolled. (**Ducks Unlimited, Inc.**)
- Modifying the budget rules to extend CRP without scalping funds from the price support programs would enhance both programs. High annual set-asides (which would likely be required if CRP is not extended) would devastate net farm income. (**Washington Farm Bureau**)
- If we really need to cut costs in USDA, let's just start by taking the graft out of the food stamp program, and we will have adequate monies to renew the necessary CRP contracts. (**Carroll A. Schultheis, Producer**)
- The funding for renewed CRP contracts should not come from agricultural programs. This would pit farmer against farmer. The funding should come from other sources within the Federal Government, or new sources possibly from environmental origins. If our government can support countries all over the world, it should be able to support conservation and environmental programs in the United States, which have met and exceeded its goals for erosion control and stabilized crop production. It has also enhanced the habitat for wildlife. (**North Douglas County Landowners**)

CRP Contract Provisions

- When terminating existing contracts (normally on September 30 of the 10th contract year), the present 90-day advance period for modification of cover does not allow efficient use of the area in many environments during the first post-contract year because of summer fallow rotations. If the cover is to be destroyed or consumed, contractors should be given the option of extending existing contracts for up to 9 months at the same pro-rated rental fee. (**Oregon Wheat Growers League**)

- New CRP contracts should be limited to 20 percent of the cropland in a county. (**Oregon Wheat Growers League**)
- New contracts should have a base rental value of 75 percent of the current rate of the area, plus a value for the environmental benefits as rated by local USDA personnel. Cost-share for vegetative cover establishment would be similar to current programs. (**Oregon Wheat Growers League**)
- With regard to CRP Tenant/Landlord provisions, we recommend: (1) that any extension of the CRP will allow changing the operator if the operator on the original contract is no longer in control of the farming operation; and (2) that the landlord and tenant provisions in a new CRP would provide a tenant some protection so that they may receive a share of the payment. Tenants have the responsibility to maintain the CRP cover and make sure all of the other contract requirements are met. (**LeMaster and Daniels Accounting and Consulting**)
- CRP contracts should be extended for 2 years. This would give the Congress time to work with Agricultural and Environmental Groups, to have a sound program to bring before Congress in 1997. The CRP program should be a separate program and funded by itself. (**North Douglas County Landowners**)
- CRP contracts should be renewable in 5-, 10-, or 15-year increments. This would present a long-term solution to the environmental and grain needs for now and the future generations of the United States. This program would be of benefit to endangered species that live and flourish in CRP seedings. (**North Douglas County Landowners**)
- We feel a perpetual lease is not a valid option for CRP, for perpetual leases tend to devalue the land. With a perpetual lease in place the land basically is only resalable to a government agency or non-profit organization. (**North Douglas County Landowners**)
- The renewed CRP Program should be administered on a regional basis. Each region has different environmental and erosion problems. The CRP Program could be fine tuned to the specific needs of each area to assure that we are getting the most for the taxpayers' dollars. (**North Douglas County Landowners**)

- The controlling agencies need to enforce weed control. Address the problem of livestock intrusion into CRP seedings adjacent to agricultural rangelands. The problem is that in some cases the operator doesn't have livestock so the boundary fences are not maintained. The livestock operator needs a recourse to the adjacent landowner as well as the operator. **(North Douglas County Landowners)**
- CRP contract holders would renew CRP contracts at a reasonable reduced rate if the contract rate were tied to inflation indexes or cost-of-living increases each year. **(North Douglas County Landowners)**
- A survey of CRP contract holders revealed that 85 percent of the respondents were in favor of extending the program at the current payment rates for 10 more years. When asked if they would extend their contract with a reduced payment rate, only 35 percent responded they would extend the contract. If the extension included incentives for haying, base protection, grazing, or some other use, 73 percent stated they would extend their contract. **(The Idaho State Committee, Agricultural Stabilization and Conservation Service)**
- Green payments with contracts up to 5 years should be established during years with set-asides to reward those producers who wish to go beyond the minimum annual requirements to be in compliance. Such a contract period would give the producer and lending institution a chance to see a positive cash flow for establishing the farming practice. Existing practices on eligible land should be eligible for a resource conserving crop rotation payment for maintaining the practice, with payments lower than for newly created practices. **(Palouse Clearwater Environmental Institute)**
- Modifying the general farm program to include incentives for conservation-related activities (green payments) deserves consideration. The majority of conservation incentives in current legislation are implemented through disincentives and penalties. Producing pure water, extra wildlife, and additional open space on privately owned land that is not cropped largely involves extra cost to the farmer with little or no economic return. If the public or Congress wants landowners and farmers to take extra measures to protect these resources, the public should pay for these extra benefits. It is important to recognize that people will do the minimum required to comply with mandates or regulations, but voluntary positive incentives will win converts to achieve greater environmental improvements than might otherwise be attained. **(Washington Farm Bureau)**

Wetland Reserve Program (WRP)

- We encourage WRP eligibility requirements that focus on minor and intermittent drainage. The WRP allocations should be long term and targeted to acres providing the maximum benefit to sediment retention and water storage. **(Washington State Department of Ecology)**
- The Administration is to be commended for its backing of a fully funded Wetlands Reserve Program. The advantage of this program is that it does not come at the cost of trading off other wetlands under "mitigation" schemes. The Administration must send a message to Congress and the country that this is a priority program with major environmental payoffs. **(Friends of the Earth, Northwest Office)**
- Taxpayer and consumers must be given a chance to compensate farmers for environmental improvements they perceive to be beneficial, but which are not economically feasible for farmers to implement. Farm Bureau will oppose efforts to transfer commodity price support funds to green payments. However, shifting funds from the Clean Water Act, the Endangered Species Act, or budgets of EPA and the Department of the Interior may be a possibility. **(Washington Farm Bureau)**
- The new Farm Bill should address conservation credits for practices and conditions other than soil surface residue alone because there are times when effective control of erosion is achieved, yet residue levels are out of compliance. As an example of an effective pilot project, we request support for what is being planned in Washington next year which uses a Conservation Practice Score Card. **(Washington Association of Wheat Growers)**

"Green" Payments

- "Green" payments for farmers have been discussed for years. The time has come for a more thorough discussion of the concept of using farm subsidies to reward those farmers who maintain beneficial conservation and land stewardship practices. **(Ducks Unlimited, Inc.)**
- Much more effective conservation behavior could be accomplished by offering incentives to producers who practiced good stewardship in the first place. With the exception of the CRP, the conservation provisions of the 1985 Farm Bill, as amended, have been successful and should remain in

place. New programs should focus on incentives and on a global or ecosystem approach. A new concept being discussed is environmental credits, a market-based approach which would promote innovation and cost-effectiveness. Finally, another idea is to give farmers more flexibility in planting crops on permitted base acreage, thus providing another economic incentive for conservation-minded farmers. **(Oregon Association of Conservation Districts)**

- Authorize a voluntary "green payment" option to provide direct payments and other benefits to farmers adopting farming practices which achieve conservation objectives. **(Washington Environmental Council)**

Sustainable Agriculture

- Encourage voluntary total farm resource planning. Financial and technical assistance would be provided for farmers to develop comprehensive, integrated farm plans that address soil and water quality; protect wetlands; improve soil, water, and energy conservation; and restore wildlife habitat. **(Washington Environmental Council)**
- Remove commodity program penalties on resource-conserving crop rotations. This would include improving the Integrated Farm Management Program Option to make it more farmer friendly and strengthening the base adjustment provision of the 1990 Farm Bill. **(Washington Environmental Council)**
- Protect CRP acres by extending contracts on the most environmentally sensitive land and re-authorizing a smaller CRP to enroll partial-field conservation practices and other special practices in priority areas with high environmental pay-off. This would include riparian buffer strips, contour grass strips, windbreaks, and wildlife habitat. **(Washington Environmental Council)**
- Encourage alternatives to pesticides by strengthening and expanding the Integrated Crop Management Program (ICM) which provides cost-share assistance to develop and implement environmentally sound pest and nutrient management practices. **(Washington Environmental Council)**
- Preserve agricultural lands by strengthening USDA programs that reduce the conversion of farmland to non-farm development, including grants to states that invest in the protection of preservation of farmland. Ensure that federal programs and projects do not contribute to loss of prime farmland. **(Washington Environmental Council)**
- Reform commodity programs to support family farms and the environment:
 - (1) Target support to family farms and environmental enhancement
 - (2) Remove commodity program penalties on resource-conserving crop rotations
 - (3) Reform dairy policy **(Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council)**
- Enhance conservation programs:
 - (1) Encourage total farm resource planning
 - (2) Improve water quality
 - (3) Protect conservation reserve program acres
 - (4) Encourage alternatives to pesticides and improve pest management practices
 - (5) Preserve agricultural land **(Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council)**
- Limit trade agreement impacts on domestic policy. **(Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council)**
- Expand minority/Indian farmer and farmworker rights. **(Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council)**
- Promote marketing alternatives and sustainable development:
 - (1) Redirect USDA marketing and related programs
 - (2) Create farming opportunities
 - (3) Require good faith bargaining in contract farming
 - (4) Require rBGH labelling
 - (5) Authorize additional labelling requirements
 - (6) Enable recourse for chemical trespass **(Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council)**

- Redirect research and extension:
 - (1) Institute new decisionmaking processes for research and extension programs
 - (2) Bolster research base for sustainable agriculture
 - (3) Refocus Extension Service mission
 - (4) Coordinate USDA sustainable agricultural efforts
(**Western Sustainable Agriculture Working Group, National Sustainable Agriculture Coordinating Council**)

Other Conservation Program Proposals

- USDA should develop a "Challenge Cost Share" proposal which would administer a portion of cost-share assistance for installing a variety of conservation practices (currently 75 percent cost share limited to \$3,500 per producer per year) through states and non-profit conservation organizations to complete high-priority conservation projects in targeted areas, in partnership with the landowner. (**Ducks Unlimited, Inc.**)
- Adequate funding and priority should be given to cooperative extension agronomists to ensure this position remains stable within the cooperative extension program. (**Palouse Clearwater Environmental Institute**)

Financing Rural Development

- The 1995 Farm Bill must offer rural communities the ability to fund local development efforts. There are not enough financial resources available to revitalize rural America. The Farm Credit System should be considered as a resource to help in the revitalization of our rural communities. Legislation introduced by Rep. Clayton of North Carolina (H.R. 4129) is a good example of authority to permit Farm Credit lenders to become more active in agribusiness and infrastructure lending services. (**The AgAmerica District Farm Credit Council**)
- Current rules limit the Farm Credit System's involvement in value-added lending, such as when farmers wish to vertically integrate their operation. Legislation introduced by Rep. Clayton of North Carolina would remove the restrictive requirement to only finance those services that are provided "on the farm." (**The AgAmerica District Farm Credit Council**)

Proposals To Support Beginning Farmers

- The government's legislative policy should provide incentives for small and mid-size farms. In the Palouse area, it takes around \$200,000 collateral for a young person to enter the business of food production on leased land. We need something like the low-interest and guaranteed loan funds that brought electricity and telephone service to our rural areas. (**Pomona Grange, Whitman County, Washington**)
- The retiring farmer who would lease out land needs tax incentives, such as deferred capital gains. (**Pomona Grange, Whitman County, Washington**)
- The new farmer needs to spread out payments, or at least have graduated payments. (**Pomona Grange, Whitman County, Washington**)
- There is a great need for financial assistance for getting started in farming and ranching. There should be some grants or low interest loans given to young people who are wanting to get into farming and ranching, not as a lifetime involvement, but just as some help to get started. These programs must meet the needs of farmers and ranchers without burdening them down with paperwork, regulations and unrealistic requirements. (**Norman L. Lee, Farmer/Rancher**)

Price and Income Supports

- A most important action would be to raise the government loan rate to at least the cost of production. This would have a positive effect on commodity prices to the farmer at little or no cost to the government. Environmental and conservation requirements have been imposed over the last 10 years, resulting in added costs of farming which cannot be passed on except through higher support prices. (**Northwest Farmers Union**)
- We oppose modifications in the program that would change the direction of farm programs away from the market-oriented goals of competitive loan rates, voluntary stock reduction programs, and income supplements. (**Washington Farm Bureau**)

- I would like to urge you to continue the commodity loan program. This gives our producers a mechanism to market their grain rather than having to sell right after harvest due to the insistence of their creditors. The ability not to market grain gives the market a chance to absorb what is sold. If all the loan grain were marketed directly after harvest, the increased supply of sales would definitely depress the cash market. **(Columbia County Grain Growers Cooperative)**
- We need a farm bill that provides some equity of income for farmers. We need a method to compare farm prices with the prices of other goods and services in our economy so we fairly judge the equity in pricing between all segments of our economy. **(Nellie Fuchs, Farmer)**
- Continue the target price and deficiency payment system to provide income security but make the following changes: Restrict target price protection to the number of bushels expected for domestic use; set the target price at \$7.00 in order to give a reasonable rate of return; eliminate the commodity acres base in favor of bushel bases; eliminate all acreage reduction, triple base, and flex acre components of the program; and fund the income protection-target price program out of a special wheat value-added assessment. **(Idaho Grain Producers Association)**
- Target prices should be adjusted upward for inflation. **(Idaho Barley Commission)**
- Our main issue is how peas and lentils should be treated in the 1995 Farm Bill to assure that producers can protect base when they underplant program crops, maintain rotations and still comply with approved SCS conservation plans. Current programs permit peas and lentils on up to 20 percent of wheat and feedgrain base without loss of base. This provision has worked well for growers. Our proposal for the 1995 Farm Bill is to continue with planting flexibility and expand the flexibility for peas and lentils to be the same percent as for other crops. **(USA Dry Pea and Lentil Council-Grower Division)**
- Make grass seed crops qualify as a land use that protects a farmer's wheat/barley base acreage. **(Intermountain Grass Growers Association)**
- I am burdened by agricultural program regulations. The flex provisions do not provide necessary cropping flexibility. The Columbia Basin farms need to be able to flex to fruit and vegetables and approved non-program crops on a crop year basis up to 100 percent of program crop bases. I request the next agriculture program to designate the Columbia River Basin as a flex test area. **(Mark Booker, Farmer)**
- We need a farm program that is flexible and allows farmers to interchange and/or exchange bases. **(Nellie Fuchs, Farmer)**

Planting Flexibility

- Increased international competition, tighter operating margins and reduced governmental support all call for more producer flexibility in planting decisions. Policy options for 1995 should consider allowance for some planting flexibility without loss of program benefits, including establishment of a mechanism where planting flexibility is extended to the whole farm. **(Washington Farm Bureau)**
- We favor USDA's total acreage base concept, which will give farmers increased flexibility in choosing crops that fit into their rotation without sacrificing program benefits. **(Idaho Barley Commission)**
- Farmers need more planting flexibility to preserve crop base and still maintain an adequate income. Seeing as how the government has changed the rules in the middle of the game many times, most farmers are reluctant about not planting up to their base each year. **(Carroll A. Schultheis, Producer)**
- The new farm bill should be flexible enough to relax sod-buster proscriptions in areas where existing cropland is below a certain percentage of total potential cropland. Too many impediments to opening new land are also counter to the sections of the bill dealing with rural development stimulation. Also, target prices are set too low because of our freight differentials. **(State Executive Director, Alaska State ASCS Office)**
- Recently, the 0-92 program has come under criticism for allowing farmers the choice of being paid not to produce. This portrayal is not true for the oilseed industry, where the 0-92 program gives farmers the choice of planting options. Thus, we request a more transparent and equitable program for planting flexibility in the 1995 Farm Bill. Our industry also supports moving toward a Normal Crop Acreage (NCA) concept where producers can substitute wheat, feed grains, oilseeds, and other crops as base without loss of benefits or base. Finally, U.S. Canola Association (USCA) requests that there be authority to initiate a producer check-off program for canola when the crop is sufficiently estab-

lished. Finally, our industry requests that canola and rapeseed be among the crops eligible for Federal crop insurance. **(Pacific Northwest Canola and Rapeseed Association)**

Feed Grain Program

- One recommendation would be a pilot program that reallocates existing program resources to direct payments to barley producers. We request that the malting barley assessment be eliminated immediately because this assessment is costing U.S. taxpayers money. We support a marketing loan for barley in the \$2.10-\$2.15/bushel range. **(Idaho Barley Commission)**
- We support the elimination of the malting barley assessment. It has been proven that this assessment's total revenue is less than the cost of administration, therefore losing taxpayers' money. This assessment should be eliminated now, as there is no need to wait for the farm bill. It is not working now and should be eliminated at once. **(Washington Barley Commission)**
- To address the concerns of Idaho's barley producers, the IGPA recommends the development of a barley program which funds direct payments to growers. Increase the target price and set the market loan at \$2.15, set the barley Acreage Reduction Program at 0, and consolidate the feed and malting barley EEP. **(Idaho Grain Producers Association)**
- We support a zero percent set-aside for the 1995 barley crop. Until we are no longer a net importer of barley, it would be foolish to consider any other option. **(Washington Barley Commission)**

Sugar Program

- We need to maintain a domestic sugar program which provides a reliable supply of sugar at stable prices for producers and consumers. The sugar market is the most volatile market of any commodity market. The lack of a sound sugar program means huge price swings that injure consumers when prices skyrocket and devastate producers when they plunge below the cost of production. **(Columbia River Sugar Company)**

- We need the assurance of an extension of the sugar provisions in the 1990 Farm Bill. It is our goal to build a sugar-beet processing facility in Moses Lake. If marketing allotments continue it is essential that the rule governing the application of those allotments provide for the new market entrant to receive an allotment on par with the established processors. **(Columbia River Sugar Company)**
- We support a policy which provides the flexibility for our area to share in the domestic sugar market. We recommend that you work with the industry to develop recommendations for the 1995 Farm Bill and strongly support the program at not less than the current \$0.18 per pound. **(Columbia River Sugar Company)**

Dairy Program

- Following are specific comments on the dairy and environmental provisions of the 1995 Farm Bill:
 - (1) We support the concept of a self-help approach to transfer responsibility for and control of the Nation's dairy product surplus management program to an industry board.
 - (2) We support elimination of the Budget Reconciliation Assessment on milk production because the control of the dairy surplus program will be transferred to the industry and because the dairy program only costs 10-15 percent of what it cost in the early 1980's.
 - (3) We support continuation and expansion of the Dairy Export Incentive Program. Expansion of DEIP is essential to prevent U.S. dairy farmers from being at an extreme disadvantage in international trade.
 - (4) We are concerned that Congress will incorporate environmental concerns in the Farm Bill that aren't affordable, aren't effective, and aren't thoroughly considered for long-term ramifications. Voluntary approaches to solving environmental issues are more effective than heavy-handed regulatory approaches. We do recognize the positive programs of the SCS and local conservation districts which provide technical assistance to dairy farmers who voluntarily comply with water quality requirements.
 - (5) Our federation is concerned about getting a fair deal under NAFTA and GATT. We hope Congress is aware of the provisions of GATT and the implications for the dairy industry. **(Washington State Dairy Federation)**

- Previous farm bill legislation helps processors but hurts farmers. For example, in the first 6 months of 1994, demand for milk was up 4.4 percent, yet farmgate prices dropped to mid-1970's levels on our farm. Producers in New England are receiving less than their cost of production. The legislation that put the III-A pricing scheme into effect is partly to blame because cheap powdered milk from III-A finds its way back into manufacturing and replaces milk from higher classes. The end result is that farmers are forced to expand production to maintain cash-flow, resulting in lower prices and forced dumping of milk on the world markets. Therefore, the Northwest Farmers Union requests that the Dairy Nutrition and Conservation Act (HR-3370) be part of the 1995 Farm Bill. Farmers must once again earn the cost of production with a return. **(Marvin Hollen, Producer)**

Wool Program

- The Wool Incentive Program was singled out for elimination by Congress with final payment being 50 percent on the 1995 lamb and wool production. This type of program made it possible for the American producer to stay in the business of producing an abundance of high-quality, low-cost food and fiber and enabled U.S. producers to compete with countries' such as Australia which have policies and programs to heavily subsidize production. As a direct result of other countries subsidy programs, lamb imports to the U.S. have increased rapidly and now supply over 11 percent of the lamb consumed in the United States. American producers need safeguards against the rising tide of cheap imported lamb: implement Article 28 provisions of GATT with respect to New Zealand and Australian lamb; conduct an assessment to define the impacts of foreign lamb on our markets; and require that all imported lamb meet national standards applied to U.S. lamb. Finally, the sheep industry is seeking inclusion of a new sheep or fiber program in the 1995 Farm Bill. **(Washington Wool Growers Association)**

Honey Program

- The problems of honey producers are so severe that many are shifting into other means of making a livelihood. However, this contribution is threatened very seriously now because of 2 mites that have entered the United States and uncontrolled use of pesticides that has created huge bee losses. Bee colonies have been put out of existence. The other concern is the impact of the Africanized honey bee.

Because bees are hauled across the country, there is fear that migratory beekeepers will spread the Africanized bee colonies nationwide. The most damaging threat to our honey industry is the imports from other countries with prices that are far below U.S. production costs. Given the vital role bees play in pollination, the government needs to carefully consider its actions. For example, discontinuing the honey loan program will save pennies compared to other commodity subsidies. The 6,208 beekeepers who participate in the honey loan program produce nearly 100 percent of U.S. honey that enters the market. **(Don Grigg, President, Silverbow Honey Company/Grigg Apiaries)**

Crop Insurance

- Multi-peril crop insurance (MPCI) is a risk management tool. Growers will use MPCI when it is reasonably priced and is perceived to cover the perils of highest risk. Farmers need some risk protection. A properly designed MPCI program can serve both the agricultural and national interests. As the 1995 Farm Bill is developed, remember to keep a viable farm economy and it will keep a viable national economy. **(Whitman County Association of Wheat Growers)**
- I urge Congress to work with FCIC and its private-sector partners in continuing efforts to reduce the complexities of the program. Some strides will be made through reform, but more need to be done. The program continues to struggle with balancing program integrity with simplification for many of the complexities revolve around the need for maintaining program integrity. Farmer acceptance of the program is partially tied up with its very complex nature. **(Crop Insurance Research Bureau, Inc.)**
- There must be some relief in the regulatory demand on companies, because expense reimbursements to companies have been and will continue to be reduced. Since the mid 1980s the number of private companies involved in the Federal crop insurance program has plummeted due, in large part, to the costs and complexities. As a result, some single-state or regional providers have either sold their business or outsourced to larger entities, which has resulted in much of the program now in the hands of a few large national underwriters. Diversity is good for farmers and there needs to be some attention paid to protecting that diversity. **(Crop Insurance Research Bureau, Inc.)**

- I am behind the reform bill and believe the Administration, in choosing an insurance approach, made the best policy choice for addressing disasters for both farmers and taxpayers. However, I have concern over several issues that could threaten the success of the program.

(1) The paperwork and farm visits required by this program are excessive and if all farm program participants are now going to be crop insurance customers, standard operating procedure must change or the program will die under the paperwork burden. Simplify and reduce the administrative paperwork and regulations surrounding the program.

(2) Limit the insurable units on catastrophic protection to one per county per crop.

(3) Make certain the lists of private insurance agents maintained at the ASCS and Extension Service offices accurately reflect the availability of agents.

I hope that an attitude of cooperation will be fostered within the existing delivery structure. I get the feeling ASCS will be competing with crop insurance agents for crop insurance business rather than working together with us to deliver a program to the farmer. (**Hermance Insurance Agency**)

- The Administration's public testimony is that the catastrophic "CAT" coverage (50 percent of APH yield and 60 percent of the price election) will be based on a single-county crop unit. However, when growers purchase "BUYUP" coverage (50/100 or greater) they will have the opportunity to further sub-divide their insurance units similar to current MPCU rules. There is some confusion and uncertainty as to how the Administration will officially define "CAT" units. (**Rain and Hail Insurance Service, Inc.**)
- Allow private companies and agents to sign up farmers for non-insured disaster assistance provided under the reform bill at the same time they sign up for crop insurance on their insurable crops. This would benefit farmers because they wouldn't have to make a special trip to the ASCS office for the non-insured assistance and would provide a check for program sign-up. (**Rain and Hail Insurance Service, Inc.**)

- We believe it would be in farmers and taxpayers' best interests to make sure that if a crop is approved for insurance, that insurance be available wherever the crop is grown. This will put less pressure on non-insured crop disaster programs, bring premium income into the program, and provide greater risk management to farmers. (**Rain and Hail Insurance Service, Inc.**)
- The Department needs to review the past episodes of Federal crop insurance claims and identify the highest risk counties. These counties could be declared off-limits for crop insurance, limiting the taxpayers' exposure. (**Friends of the Earth, Northwest Office**)

Revenue/Income Insurance

- We are aware that there will be debate on a variety of risk-management schemes. Certainly, crop insurance is not the only way for farmers to manage their risk. Although we believe that it is one of the most important, as insurers we realize that farmers must have a mix of risk management alternatives. The concept of revenue or income protection insurance will surface along with other ideas. The private crop insurance industry wants to be involved in these discussions early on. The current reform legislation is a good example of government and private enterprise working together. (**Crop Insurance Research Bureau, Inc.**)
- I believe that USDA should fully involve industry in the development of a revenue insurance or assurance pilot program for the 1995 Farm Bill. I happen to write policies for American Ag Insurance which has been a leader in developing innovative insurance products, one of which is the Market Value Protection (MVP) plan. MVP was approved by FCIC and announced along with the reform proposal. This type of product could provide farmers with revenue insurance now. (**Hermance Insurance Agency**)

International Trade and Market Promotion

- Programs like P.L. 480 and the Export Enhancement Program should be expanded, not only for the major commodities, but for minor ones such as peas and lentils as well. **(Northwest Farmers Union)**
- EEP allocations for feed and malting barley should be consolidated; a global allocation for barley should be announced listing the eligible countries and total tonnage available; additional countries, such as Korea and Egypt, should be added to the list of eligible markets for U.S. barley; and the EEP resources allowed under the Uruguay Round Agreement should be fully allocated. This approach would allow greater flexibility in responding to our customers' needs and changing market conditions. **(Idaho Barley Commission)**
- We favor the following modifications to the Export Enhancement Program:
 - (1) Allow the EEP allocation to be made without specific country tonnage allocations, but allow a maximum tonnage (MT) available for the given marketing year.
 - (2) Announce a list of the eligible countries, which should include additional countries such as Egypt and South Korea.
 - (3) We favor full allocation of EEP resources allowed under the Uruguay Round Agreement.

This concept allows USDA to propose a somewhat smaller barley EEP package than has been approved in the past, reducing potential budget exposure. It also gives additional flexibility to the trade by allowing them to negotiate sales with the eligible countries without concern that the EEP balance will be exhausted for a given country and supplemental allocations will have to be generated and approved through an interagency process. This concept will no longer signal to U.S. competitors the market share level which the U.S. is willing to accept for a given importing country. The proposed system allows both the trade and USDA to respond to changes in the world market over the course of the year without generating additional bureaucratic delays and controversy within the interagency group.
(Washington Barley Commission)

- I encourage you to continue the Export Enhancement Program. As you know, this keeps us competitive with the world market as well as lending stability to our cash market. Without the ability to subsidize in order to make the sale, we will lose our market share of business, and as your own statistics have shown, once we lose market share, we don't get it back. **(Columbia County Grain Growers Cooperative)**
- Currently, the Market Promotion Program (MPP) is authorized at \$110 million, but only \$100 million was appropriated by FY 1994. President Clinton, who pledged support for the program, proposed a \$25 million cut in MPP funds to \$75 million in his FY 1995 budget. After months of negotiations, it appears the program will be funded at \$85.5 million for FY 1995. Instead of the MPP keeping up with inflation, it has declined by some 70 percent in real dollars. We urge you to remember the importance of export programs, such as MPP, to the future of our industry.
(Washington Asparagus Commission)
- Both NAFTA and GATT put at risk the capacity of state and local governments to implement restrictions which reflect public concern about the quality and safety of imported food, the amount of allowable farm commodity imports, and the influx of foreign capital for purchasing farmland. The 1995 Farm Bill must limit the negative impacts of international trade agreements. **(Palouse Clearwater Environmental Institute)**
- We are greatly disappointed that the Uruguay Round Agreement may not improve our market potential in Switzerland and may decrease our exports. The Uruguay Round Agreement required that all quantitative restrictions on imports be tariffed. Unfortunately, the Swiss Government has indicated that it will replace the quota system with an extremely high tariff equivalent, which will make U.S. exports prohibitively expensive in the Swiss market. While a high tariff equivalent may technically comply with the Uruguay Round, it will virtually close the Swiss market to U.S. asparagus. We believe that such an action by the Swiss Government would be contrary to the spirit of the agreement's goal of increased market access.
(Washington Asparagus Commission)

- We need a re-dedication to international marketing. This administration has been exceptionally aggressive in using EEP dollars to move wheat. After EEP we must move out of the trap of exporting only generic bulk commodities. I urge you to look again at the Market Promotion Program as well as the Cooperator Programs. **(Robert Schwerin, Farmer)**
- How is the General Agreement on Tariffs and Trade affecting U.S. trade and why is this agreement fast tracked? Why are there no windows to amend or change any conditions or policies? **(Keller District Council Representative, Colville Confederated Tribes)**
- Redirect Export Enhancement Program funding for wheat and continue or expand market promotion programs such as MPP, GSM credit guarantees, and P.L.-480 concessional loans. Second, eliminate provisions which inflate U.S. wheat prices above the world price. For example, continue the CCC loan program but set the loan rate so that it does not set a floor under U.S. wheat prices. **(Idaho Grain Producers Association)**
- The commodity programs serve as safety nets when prices fall due to circumstances beyond the control of the U.S. farmer. The target price program is essential in enabling farmers to survive when faced with embargoes, continued export subsidies by the European Union, or low transportation costs for Canadian producers. Hopefully, trade agreements such as GATT and NAFTA will help keep the market price above \$4 a bushel, and thus preclude the need for payments to U.S. farmers because of depressed international prices. **(Washington Association of Wheat Growers)**
- U.S. barley policy has a fundamental structural flaw. We support prices by supply management and export subsidies, while simultaneously leaving the door open to unlimited imports. Imports push prices down further. Conversely, Canada supports producer incomes regardless of price received and bans imports of barley. To deal with the incompatibility, we recommend radically reforming barley policy into a scheme which satisfies policy objectives for income protection, allows the market to be the dominant players in setting prices, and is consistent with an open border. We also recommend the following 4 things:
 - (1) Modify the EEP by making global or regional allocations of tonnage and publishing a list of eligible countries.
 - (2) Consider a pilot program for barley in the 1995 Farm Bill that would make radical changes to design a workable system that would not cost more money, but would more effectively use the resources being spent on barley supports.
 - (3) Allow crop bases to be combined into a total acreage base to provide maximum planting flexibility for growers.
 - (4) Tell barley growers what policymakers are doing so that the industry can plan and vote accordingly. **(Oregon Grains Commission)**
- On August 5, 1993, a Moses Lake dairyman contacted me to say he had been offered Canadian barley, delivered to his dairy, for \$100 per ton. Given our freight rates, the price to the barley producer would have been about \$87 per ton. We lost the market with the Moses Lake dairymen because it was difficult to compete with the subsidized transportation and the lower price. After the Canadian barley entered the United States, the export price dropped from \$100 to \$85 per ton. This price drop resulting from this grain movement lowered the barley price to the producer, resulted in lost revenues to the Barley Commission of the State of Washington, and created wear and tear on our highway system. Mr. Secretary, I hope you will go back and negotiate fair trade for the barley producers of the United States. **(National Farmers Organization)**
- Trade and research are two central issues of the 1995 Farm Bill vitally important to Washington wheat producers. Export markets are critical to wheat producers in the Pacific Northwest, where about 85-90 percent of wheat produced is exported at a value of \$1.3 billion. However, the worldwide wheat market is increasingly competitive, and foreign market development funds must be maintained if not increased to equalize dollars spent by our competitors in market development. We are extremely frustrated with the recent U.S./Canada wheat agreement. There are large quantities of wheat which are not controlled by the Canadian Wheat Board that are still allowed to receive the transportation subsidy as it enters the U.S. At the same time, white wheat was exempted altogether from the agreement. We are also concerned with the negative effect current cargo preference laws have on the Pacific Northwest. These laws impede the marketing of wheat from our region. We feel cargo preference should be decoupled from commodity markets, with payments coming from the U.S. Department of Transportation rather than the USDA. **(Washington Wheat Commission)**

- The three central issues for our association concern EEP, GATT, and market promotion and food aid. There has been an explosion in Canadian production of dry peas and lentils because of Canada's Gross Revenue Insurance Program (GRIP) coupled with the Western Grain Transportation Act (WGTA), which provided revenue incentives without regard to market signals. When our industry requested inclusion in the USDA's Export Enhancement Program (EEP) to combat these unfair subsidies, we were told EEP to peas and lentils would be GATT-illegal. Thus, the next farm bill must include a program like EEP for unsupported, small commodities to be able to compete. Second, our industry supports the goal of the Uruguay Round to reduce subsidies, increase market access, and promote free trade. However, the current agreement before Congress does not address the EU production subsidy of Spanish lentils which could devastate U.S. exports to Spain. This situation must be corrected prior to the final vote. Finally, the 1995 Farm Bill needs to address market promotion and food aid. The bill should bolster the Foreign Market Development Program (FMD) and the Market Promotion Program (MPP), not tear them down. These two programs are GATT-legal and are one of the few tools left to combat our subsidized competitors. The P.L.-480 program has also been targeted for cuts, but food aid is GATT-legal and should be strengthened in the next Farm Bill. **(USA Dry Pea & Lentil Council-Grower Division)**
- Since coming to office in 1991, I have consistently pushed for legislative and administrative action against Canada. I've co-sponsored legislation to toughen U.S. trade laws against dumping and other unfair trade practices. I've co-sponsored legislation requiring the strict implementation of end-use certificates. I applaud the Secretary of Agriculture and the President for taking a firm and decisive action against a recent explosion in Canadian grain imports to the United States. The 1995 Farm Bill must include provisions that help level the playing field and safeguard American producers from unscrupulous trade practices. **(Larry LaRocco (D-Idaho)—U.S. House of Representatives)**
- Agricultural exports are an essential element of a healthy American economy. Idaho's food industry is rapidly expanding into the global market. Idaho is now in the top 10 states for the production of apples, plums, prunes, and sweet cherries. In the Northwest, more than three-fourths of grain produced is exported. As the United States expands its trade with foreign countries and embarks on new free-trade agreements, we must make certain that American agricultural producers are not sacrificed. **(Larry LaRocco (D-Idaho)—U.S. House of Representatives)**

- The Canadian-U.S. trade agreement adopted in 1990 seriously hurt Idaho's wheat and barley farmers. Idaho's producers cannot afford another bad trade agreement. U.S. foreign policies should aggressively promote American agricultural exports and seek to regain international markets lost during the 1980s. **(Larry LaRocco (D-Idaho)—U.S. House of Representatives)**
- We would like to see the minor-crop pesticide issue addressed in the 1995 Farm Bill. In Washington State we have over 200 products. The lack of pesticide tools is something that is of critical importance to us especially when we're looking at trying to expand into foreign markets and increase our capacity. Having the tools taken away again and again because of the cost and time of reregistration is something that is very difficult for people. We would like to see increased funding for the IR4 program. **(Jim Jesernig, Director, Washington State Department of Agriculture)**
- We would like to maintain a level playing field in international trade. We believe that value-added processing is going to be a major part of expanded markets into the future. Right now we are in discussions with various countries, such as attempting to sell more apples in Japan. Inspection intervals of our processing plants are things of importance to us and they could become potential trade barriers. **(Jim Jesernig, Director, Washington State Department of Agriculture)**

Agricultural Research

- The 1995 Farm Bill must:
 - (1) Establish a comprehensive sustainable agriculture policy which would coordinate sustainable agriculture programs under the leadership of the National Sustainable Agriculture Advisory Committee, and emphasize sustainable agriculture in all USDA programs;
 - (2) Create new guidelines for effective implementation of the national research and extension purposes; establish new decision-making processes for setting research agendas and evaluating program effectiveness; and

(3) Re-authorize and increase funding for the USDA Sustainable Agricultural Research and Education (SARE) Program; redirect to and increase overall funding for research projects which address issues of sustainability in a substantive and significant manner; and increase the participation of farmers and representatives from non-profit organizations on national and regional research and extension administrative councils and committees. **(Palouse-Clearwater Environmental Institute)**

- Fund the existing TRI-STATE research project on alternatives to field burning on a 5-year basis. **(Intermountain Grass Growers Association)**
- Farm policy must also address the changing farm structure that is being brought about through contracting and concentration within the agribusiness sector. An increasing percentage of United States agricultural output is now produced under bilateral contracts without moving through traditional markets. These contracts are important risk management tools for farmers today. Unfortunately, because they often bypass traditional markets and price discovery mechanisms, farmers may be placed at the mercy of corporate bargaining agents who have either unfair economic or information advantages. USDA should begin immediately to study agricultural production contracting practices with the goal of strengthening protection for individual farmers and protecting the valuable price discovery mechanism of an open and competitive market. We believe that as markets evolve to place more emphasis on contracting and concentration, so too must the policies that regulate and define those markets. **(Washington State Grange)**
- The 1995 Farm Bill needs to ensure that essential production practices, such as field burning, are protected until research can develop viable alternatives. **(Intermountain Grass Growers Association)**
- In the area of research, our commission is committed to providing substantial funding to both university and Agricultural Research Service scientists. We are concerned about the decrease in public commitment to ARS funding which has resulted in the loss of hundreds of scientists across the country. Research creates "value added" attributes to wheat which better satisfy customers' needs and strengthen our competitiveness. These research efforts must continue and strengthen. **(Washington Wheat Commission)**

- The Federal Government needs to dramatically increase its funding of agricultural research, beginning with ARS and going through CSRS, Extension, and Solutions to Environmental and Economic Problems (STEEP). We produce a generic, internationally traded, bulk commodity. Research means not only higher yielding varieties, varieties that yield with lower inputs, development of economically viable rotation crops, and better understanding of the physics and chemistry of our soils. Do not lead us down the path of reduced target prices and increased flex acres without dedicating those budget savings to research. **(Robert Schwerin, Farmer)**

Over-Burden of Program Regulations

- Rules and regulations should be governed by local ASCS and SCS personnel, who know the area problems and solutions. **(Carroll A. Schultheis, Producer)**
- The conservation provisions are unnecessary. Farmers conserve without regulations. This past year I spent more than 2 days filling out regulation compliance documentation paperwork. **(Mark Booker, Farmer)**
- We need a program that is streamlined and does not unduly penalize farmers who are trying to cope and comply with all of the environmental regulations. We must base environmental regulations not just on subjective predictions but on real results and these environmental rules must be economically feasible, otherwise they will bankrupt us. **(Nellie Fuchs, Farmer)**
- Administration of conservation compliance under the Food Security Act of 1985 (FSA) needs to be localized to conservation districts, and the penalties for non-compliance need to be made proportional to the environmental damages incurred. Soil conservation is a complex science that can best be approximated by a comparably complex mix of research science blended with the field expertise of growers as applied to specific soils, slopes, and rotations. **(Robert Schwerin, Farmer)**
- If the conservation program and the environmentalists want so much compliance from me as a farmer, let them pay for it. I've seen our deficiency payments drop in half and it's getting to the point where I don't have to have the payment. If you don't make the program usable, we're not going to use it. **(Fred Riggers, Farmer)**

Sole-Source Aquifer Designation for Columbia Basin

- There are at least 63 sole-source aquifers already designated in the United States. No detrimental effects have been experienced by agriculture. Another claim made is that a sole-source aquifer designation is costly. There's no proof of that nationwide, based on the other numerous sole-source aquifers. They were afraid of the Bureau of Reclamation project, but to my knowledge, the Bureau of Reclamation is already exempt. Agriculture is unaffected by sole-source aquifers. **(Brett Blankenship, Farmer/Grower)**
- We've got a multiple aquifer system that we should be looking at individually, rather than looking at it as a huge system. As a result I think it's going to be a very complex system to manage. I don't think it's necessary at this point to blanket it. But we ought to be looking specifically as we have segregated out the Spokane system. **(Leland Roy Mink, Hydrologist)**
- Sixty years ago, Joe Jantz gathered signatures of people who have been promised water, but he still has not received water through the aquifer recharge project. A second water issue is the Hanniford and the National Park's alternative to turn this into a scenic river while ignoring the 1957 Walluke slope agreement between the Department of Energy, the Atomic Energy Commission, and the Bureau of Reclamation that said the lands along the river would go back to the original owners at that time. Another issue is the systems operation review of the Columbia River waters which results in water spreading or an attack on local irrigators with false figures and accusations. The final water issue is the sole-source aquifer, where the EPA is basing its decisions on models and extrapolations, not on facts. In summary, America needs a plan with incentives, not penalties, as reason for farmers to be natural resource managers. Next, plans of development should be decided by the lowest level possible, saving dollars and increasing effectiveness. Lastly, farmers need a level international playing field so that equal standards are applied to imported food and fiber. **(Leroy Allison, Commissioner, Grant County)**
- Congress authorized the Columbia Basin Irrigation Project of 1,029,000 acres in 1943. Only one-half has been completed to date and farmers on the second half are still waiting for water to be delivered to their land. Please consider the following during deliberations on the 1995 Farm Bill. Every Congressman and every constituent in the 385 districts out of 435 that generate less than 10 percent of income from farming must eat. The need for additional food for a fast growing population is coming, and continuing the Columbia Basin Project contributes to the security of our food supply. The evidence of management is increased production, management practices, crop rotation, and lower pesticide use. Farmers need a profit if they are to continue to supply a good food supply for our country—they cannot do it without receiving the cost of production plus a reasonable profit. Increased food prices and subsidy assistance are necessary. **(Columbia Basin Development League)**
- Giving EPA authority to designate the sole-source aquifer has too many unknowns. Thus, SSA proponents are naive when they say the designation won't have an impact. But there is a solution that lets all parties win in the sole-source aquifer debate. EPA can designate parts of a petitioned area. The Pullman/Moscow area sits in a sub-basin that is hydrogeologically intact, for the most part. Thus, it makes sense for EPA to designate this sub-basin of the petition since the petitioners are from that area. This sub-basin designation gives EPA a win, the Palouse Clearwater Environmental Institute (PCEI) gets another layer of environmental protection, and residents in the Basin can continue with the current water management policies. While the EPA has recently granted a 90-day extension for public comment, I would like to seek USDA's assistance in requesting an additional 90 to 120 days on top of EPA's recent extension to ensure we can complete our study and provide the agency adequate comment. **(Big Bend Economic Development Council)**
- EPA established a comment period of 45 days with only 2 public hearings—not enough time for the people in this area to address the complex issue involving 6 entire counties and part of a 7th. Speaker and Senators Murray and Gorton asked EPA to conduct an expeditious and timely review of the sole-source aquifer petition, and they have completed their review. Now will you and Espy, on behalf of the agricultural community of Washington, request EPA to grant us proper time, say 180 days, to generate meaningful comment on their proposal? Our position is supported by the Washington State Farm Bureau and the Greater Pasco Area Chamber of Commerce. **(Wilbur Ellis Fertilizer Company)**

Summary of Presentations and Submitted Papers

Presentations

Larry LaRocco, (D-Idaho)—U.S. House of Representatives

In Idaho, producers want a farm policy that provides a fair return on their products, promotes fair trade, and establishes a fair conservation program. Idaho's producers can compete successfully against any competitors in an open market, but only if our trading partners have the same standard of free and fair trade. The 1995 Farm Bill must include provisions that help level the playing field and safeguard U.S. producers from unfair trade practices. Environmental concerns are another priority to Idaho producers. It is critical that conservation compliance costs not jeopardize both the financial stability and environmental objectives of the 1995 Farm Bill. In short, the conservation methods set up must not bankrupt our farmers. The best way to accomplish these objectives is through incentive-based conservation programs.

Jim Jesernig, Director—Washington State Department of Agriculture

For the 1995 Farm Bill, the 3 focal points should be addressing minor crop pesticide use and registration problems, developing international markets and leveling the playing field, and continuing conservation efforts.

Panel 1 — Commodity Programs

Steve Johnson, Executive Director—Idaho Grain Producers Association

USDA reports indicate that overall farm income is up from previous years, but our association maintains that the grass-roots level farms are struggling for their existence. The farm bill must include income support levels equal to or better than the current program.

Our association proposes the following plan for the 1995 Farm Bill. First, redirect Export Enhancement Program funding for wheat and continue or expand market promotion programs such as MPP, GSM credit guarantees, and PL-480 concessional loans. Second, eliminate provisions which inflate U.S. wheat prices above the world price. For example, continue the CCC loan program but set the loan rate so that it does not

set a floor under U.S. wheat prices. Third, continue the target price and deficiency payment system to provide income security but make the following changes: Restrict target price protection to the number of bushels expected for domestic use; set the target price at \$7.00 in order to give a reasonable rate of return; eliminate the commodity acres base in favor of bushel bases; eliminate all acreage reduction, triple base, and flex acre components of the program; and fund the income protection-target price program out of a special wheat value-added assessment.

To address the concerns of Idaho's barley producers, the IGPA recommends the development of a barley program which funds direct payments to growers. Increase the target price and set the market loan at \$2.15, set the barley Acreage Reduction Program at 0, and consolidate the feed and malting barley EEP.

Doug Scoville, President—Pacific Northwest Canola and Rapeseed Association

In 1986, the Food and Drug Administration granted canola oil the status of "generally regarded as safe". Thus, growers and industry felt that canola's status as lowest in saturated fat among commercial vegetable oils would result in increased demand by U.S. consumers. However, one major obstacle to increased U.S. canola production is the restriction in the farm program that only program crops can be planted on base acres and be eligible for income support benefits. This restriction prevents growers from introducing canola into their rotations. Fortunately, in the 1990 Farm Bill, the 0-92 program was adopted which allowed planting of alternative oilseeds on program crop base acres.

Recently, the 0-92 program has come under criticism for allowing farmers the choice of being paid not to produce. This portrayal is not true for the oilseed industry, where the 0-92 program gives farmers the choice of planting options. Thus, we request a more transparent and equitable program for planting flexibility in the 1995 Farm Bill. Our industry also supports moving toward a Normal Crop Acreage (NCA) concept where producers can substitute wheat, feed grains, oilseeds, and other crops as base without loss of benefits or base. Finally, USCA requests that there be authority to initiate a producer check-off program for canola when the crop is sufficiently established. Finally, our industry requests that canola and rapeseed be among the crops eligible for Federal crop insurance.

Bill Zagelow, Wheat Rancher, Past President—Washington Association of Wheat Growers

There are two USDA programs that must be renewed unchanged. The first is the commodity programs, in general, that serve as safety nets when prices fall due to circumstances beyond the control of the U.S. farmer. The target price program is essential in enabling farmers to survive when faced with embargoes, continued export subsidies by the EU, or low transportation costs for Canadian producers. Hopefully, trade agreements such as GATT and NAFTA will help keep the market price above \$4.00 a bushel, and thus, preclude the need for payments to U.S. farmers because of depressed international prices. Conservation programs are the second type that need to be renewed. The CRP has helped conservation efforts around the United States by taking 36 million acres of poor ground out of production so that the taxpayer pays no deficiency payments, disaster relief, or crop insurance.

Dixie Riddle, Producer/Grower, Mead, Washington

Regulations are unfair which are required for eligibility for support payments, loans, and other soil conservation payment participation programs. Following are 3 examples why these regulations are unfair. Residue requirements, which are determined by the amount that can be found on top of the ground, do not include the residue 2 to 3 inches below the ground that is not counted. I am considered out of compliance on all farms even if only one out of 20 land owners in my operation is out of compliance. This is not fair to the other 19 land owners who use good conservation practices. Finally, if I am farming these same 20 farm tracts and I am out of compliance on one unit, I could lose all farm program benefits for 5 years. This is harsh punishment which could put a young farmer out of business. Thus, more realistic regulations are necessary which can be implemented by local ASCS committees based on farming and crop types in a given region.

Phil Isaak, President—Washington Association of Wheat Growers

My remarks concern our association's position on the 1995 Food and Security Act:

- Target prices should be increased to reflect inflation and a government index used to adjust target prices on an annual basis.
- No ARPS. Our country gives up market place and hurts producers when we reduce production in vain attempts to influence prices.

- Non-recourse CCC market-clearing loans need to be continued at a level somewhat higher than currently.
- Flex acres should be reduced or eliminated if they are non-paid, or allow producers to choose non-program crops to be grown on non-paid acres.
- Increase payment limitations to reflect inflation or eliminate completely.
- Restore the 0-92 program.
- Grant so called "green payments" to address environmental concerns in addition to basic commodity programs.
- Give producers the right to prove their yields to reflect more current production.
- Continue use of aggressive market promotion programs.

Panel 2 — Trade Issues

Don Stonebrink, Commissioner—Oregon Grains Commission

The status of barley as a major crop or a hobby crop in the Pacific Northwest will be decided by farm policy. If present policy continues, the dramatic acreage declines we have seen will continue, and Canada will become the major supplier in the region. This change is the result of our two farm policies being incompatible. Canada exploits our farm programs, our producers, and our taxpayers. The Executive Branch of our government failed to consider the situation of barley producers in trade agreements.

When the Canadian-U.S. Free Trade Agreement was negotiated in the 1980's, U.S. grain producers discussed their concerns over monopolistic sellers and transportation subsidies, but these concerns were not addressed during negotiations and the practices continue. Furthermore, the Canadian-U.S. agreement established a set of formulas for comparing our subsidies which is slanted in Canada's favor because only Wheat Board initial payments count toward Canadian acquisition cost, ignoring interim and final payments. The current administration has done no better—producer concerns were sidelined in the NAFTA and GATT agreements, and barley was ignored in the August 1 settlement with Canada. Canada has exactly what it wanted: a 1 year quota for wheat imports at record levels, no limits on barley imports, a promise from the U.S. for no further trade action, abolition of Section 22 through the

GATT agreement, and a joint panel on grain which will provide non-binding recommendations. Additionally, export programs for barley are not being used; the export enhancement allocation for barley malt expired on June 30, and new allocations for the 1994/95 marketing year are still waiting approval from the Administration. Allocations for feed and malting barley expire soon, and there is little sign of movement on those packages either. These delays are costing our industry business in Saudi Arabia and Colombia.

Carol Rubin, Regional Representative—National Farmers Organization

Our organization was selling barley to dairy farmers in the Moses Lake area during the 1992 and 1993 crop years. We had been selling barley for \$112 to \$113 per ton FOB Moses Lake. On August 5, 1993, a Moses Lake dairyman contacted me to say he had been offered Canadian barley, delivered to his dairy, for \$100 per ton. Given our freight rates, the price to the barley producer would have been about \$87 per ton. Further, he told me a broker told him he had 10,000 tons of Canadian barley for sale in the state of Washington. We lost the market with the Moses Lake dairymen because it was difficult to compete with the subsidized transportation and the lower price. After the Canadian barley entered the United States, the export price dropped from \$100 to \$85 per ton. This price drop resulting from this grain movement lowered the barley price to the producer, resulted in lost revenues to the Barley Commission of the State of Washington, and created wear and tear on our highway system. Secretary, as you stated at the Midwest Governors Conference in Lincoln, Nebraska, I hope you will go back and negotiate fair trade for the barley producers of the United States.

Karl Felgenhauer, Treasurer—Washington Wheat Commission

Trade and research are two central issues of the 1995 Farm Bill vitally important to Washington wheat producers. Export markets are critical to wheat producers in the Pacific Northwest, where about 85-90 percent of wheat produced is exported at a value of \$1.3 billion. However, the worldwide wheat market is increasingly competitive, and foreign market development funds must be maintained if not increased to equalize dollars spent by our competitors in market development. The U.S. domestic market is a high priority to us as well. We are extremely frustrated with the recent U.S./Canada wheat agreement. There are large quantities of wheat which are not controlled by the Canadian Wheat Board that are still allowed to receive the transportation subsidy as it enters the U.S. At the same time, white wheat was exempted

altogether from the agreement. We are also concerned with the negative effect current cargo preference laws have on the Pacific Northwest. These laws impede the marketing of wheat from our region. We feel cargo preference should be decoupled from commodity markets with payments coming from the U.S. Department of Transportation rather than the USDA. In the area of research, our commission is committed to providing substantial funding to both university and Agricultural Research Service scientists. We are concerned about the decrease in public commitment to ARS funding which has resulted in the loss of hundreds of scientists across the country. Research creates "value added" attributes to wheat which better satisfy customers' needs and strengthen our competitiveness. These research efforts must continue and strengthen.

Tim D. McGreevy, Assistant Administrator—USA Dry Pea and Lentil Council-Grower Division

Free trade and market access are important issues to the U.S. pea and lentil industry. Last year, U.S. pea growers exported 43 percent of total production, while lentil growers exported 64 percent of total production. Unfortunately, our competitors share a different view of what constitutes free and fair trade because of the magnitude of their subsidies. The 3 central issues for our association concern EEP, GATT, and market promotion and food aid. There has been an explosion in Canadian production of dry peas and lentils because of Canada's Gross Revenue Insurance Program (GRIP) coupled with the Western Grain Transportation Act (WGTA), which provided revenue incentives without regard to market signals. When our industry requested inclusion in the USDA's Export Enhancement Program (EEP) to combat these unfair subsidies, we were told EEP to peas and lentils would be GATT-illegal. Thus, the next farm bill must include a program like EEP for unsupported, small commodities to be able to compete. Second, our industry supports the goal of the Uruguay Round to reduce subsidies, increase market access, and promote free trade. However, the current agreement before Congress does not address the EU production subsidy of Spanish lentils which could devastate U.S. exports to Spain. This situation must be corrected prior to the final vote. Finally, the 1995 Farm Bill needs to address market promotion and food aid. The Bill should bolster the Foreign Market Development Program (FMD) and the Market Promotion Program (MPP), not tear them down. These 2 programs are GATT legal and are one of the few tools left to combat our subsidized competitors. The PL-480 program has also been targeted for cuts, but food aid is GATT-legal and should be strengthened in the next Farm Bill. These programs could be used more effectively as market promotion programs, and additional funding should be provided for transportation costs.

Panel 3 — Conservation

Jim White, Co-Chairman—USA Dry Pea and Lentil Council-Grower Division

In the last 25 years, farmers have had the courage to apply bold solutions to conservation problems. With innovative farmers, teamed up with researchers from our local land grant universities, as well as soil conservation service technicians, and the local conservation districts, we have made great progress towards conservation. In the Palouse Region this team approach has made monumental strides in soil conservation practices. Our association requests that this team approach, with farmers in the lead, be reestablished with a return for the ownership of farm conservation plans to the farmer. Conservation cannot be measured by residue alone, the measure of health used by the federal government. For the pea and lentil grower, the little residue remaining after harvest would not qualify according to the field office technical guide definitions. In response to this threat, alternative conservation measures were designed with the team approach of farmers, researchers, SCS personnel, and conservation districts. Unfortunately, these measures have been falsely questioned by outsiders. For the 1995 Food Security Act, we request flexibility so that conservation problems be addressed at the local level, with local solutions to local problems.

Skip Mead, Supervisor—Columbia County Conservation District

My focus is the impossible dead-end we face with conservation compliance. The forces of nature still call the shots, and there is no generic formula to quantify these forces for country-wide imposed criteria. "Local authority" is needed to handle the task of developing conservation systems; there is no way for area, state, and national SCS to handle the load given the rainfall and crop diversity. There is also a need for a local technical group to oversee farmer experimentation and allowance of non-compliance for specific weed and disease problems. Specifically, I envision a county group that would have a base in the Conservation District and ASCS with help from SCS, ARS, and Extension Service, with credibility gap coverage from county commissioners, county planners, environmental groups, and commodity groups. Control would remain with the local people with these varied members being elected or appointed.

John Payne, National Legislation Chairman—Washington Association of Wheat Growers

Conservation compliance is a key issue for Washington wheat growers because they are in the process of coming into full compliance with the regulations contained in the last two Farm Bills. We feel there are some problem areas with the rules and policies that need to be addressed in the 1995 Farm Bill. The current compliance system requires farmers to achieve a level of compliance based on an amount of residue on the land at seeding time. When a farmer is found out of compliance, he is subjected to a lengthy appeals process. This system would be more effective if local offices were given more authority to settle cases. The current system is too harsh because if the appeal fails, there is a fine for the first offense and a probation period of 5 years with the threat of total program payment loss during that period. This system sends the wrong message to agriculture. The new farmer found to be not qualifying should be simply given more assistance by SCS, not punished. Thus, we suggest removal of the 5 year probation and the total payment loss components of the program. Second, if there is a fine because a tract of land is out of compliance, it should be against the tract only and not against the producer and other parties associated with the land. Another area negatively affecting the new farmer is the regulation 510.71 (C). This rule states that if you have invited an SCS employee to your farm to help with a conservation problem and they observe a violation, they must notify the District Conservationist and a status review must be performed. Having a person on the farm to help with problems who is also forced to be a soil policeman does not promote farmer-government relations. Finally, the new Farm Bill should address giving conservation credits for practices and conditions other than soil surface residue alone because there are times when effective control of erosion is achieved, yet residue levels are out of compliance. For an example of an effective pilot project, we request support for what is being planned in Washington next year which uses a Conservation Practice Score Card.

Parker Johnstone, Oregon Association of Conservation Districts

The passage of the 1985 Food Security Act—the Farm Bill—marked a shift in American farm policy; for the first time, a producer's eligibility for most USDA farm program benefits was linked to conservation behavior. However, the 1985 act was a penalty-based approach that punished negative behaviors such as farmers who used highly erodible land would lose USDA farm program benefits unless they applied an approved conservation plan. However, much more could have been

accomplished by offering incentives to producers who practiced good stewardship in the first place. The 1985 Farm Bill also targeted two resource areas: soil erosion and wetlands protection; we need to embrace the full spectrum of resource management issues, not just one or two components. The most successful component of the 1985 Farm Bill and its 1990 amendment is the Conservation Reserve Program (CRP). More than 36 million acres of cropland have been put under vegetable cover since 1985, and 66 percent of respondents to an NACD survey indicated it is a cost-effective and environmentally beneficial program. The question for the 1995 Farm Bill is what will happen when CRP contracts begin to expire. Eligibility requirement should be tightened to ensure that the most sensitive lands remain protected. The Wetlands Reserve Program (WRP) has also proven to be successful and popular. Conservation Compliance is a successful part of the Farm Bill programs, and would yield even more benefits if it was based on incentives instead of punishment. Wetlands conservation, or Swampbuster, has also been a successful program. Thus, with the exception of the CRP, the conservation provisions of the 1985 Farm Bill, as amended, have been successful and should remain in place. New programs should focus on incentives and on a global or ecosystem approach. A new concept being discussed is environmental credits, a market-based approach which would promote innovation and cost-effectiveness. Finally, another idea is to give farmers more flexibility in planting crops on permitted base acreage, thus providing another economic incentive for conservation-minded farmers.

Bob Haberman, President—Washington Association of Conservation Districts

As a volunteer conservation district supervisor, I have 3 concerns that should be addressed in the 1995 Farm Bill. The first is the need for local input on conservation compliance. Since the 1985 Farm Bill Congress has passed bills that dictate SCS agenda from Washington, D.C. resulting in the SCS technician becoming a data processor instead of an active field participant. The SCS technician should be moved back into the fields with direction coming from the local advisory board already in place as the local conservation district. It is impossible to develop a national standard to measure whether a farmer is in compliance with his farm plan. Second, the CRP should be continued in the 1995 Farm Bill. Given the constraints of the federal budget, funds should be targeted in areas where the greatest benefit can be achieved. Finally, USDA and SCS need to refocus on those areas that are not tied to a commodity program such as urban conservation, irrigation water management, rangeland management, dairy waste management, and soil surveys. Conservation districts need SCS

help in these areas—another opportunity where local opinion could provide direction. Flexibility should be built into the 1995 Farm Bill.

Panel 4 — Commodity Programs

Frederick A. Blauert—Washington Wool Growers Association

The sheep industry is an important sector of the agricultural economy in the United States, with roughly 100,000 lamb and wool producers contributing \$6.7 billion annually and providing 350,000 American jobs. In the State of Washington, sheep production is also important, and the Wool Incentive Program is an integral part of our industry. In the last 4 years of record low lamb and wool prices, the program has been extremely critical to the survival of farm and ranch families. The National Wool Act has encouraged quality production and stabilized prices since 1954. However, it was singled out for elimination by Congress with final payment being 50 percent on the 1995 lamb and wool production. This type of program made it possible for the American producer to stay in the business of producing an abundance of high quality, low cost food and fiber. This program also enables U.S. producers to compete with countries such as Australia which have policies and programs to heavily subsidize production. A phase-out of the National Wool Program would force U.S. producers to be at a severe disadvantage. As the direct result of other countries' subsidy program, lamb imports to the U.S. have increased rapidly and now supply over 11 percent of the lamb consumed in the United States. American producers need safeguards against the rising tide of cheap imported lamb: implement Article 28 provisions of GATT with respect to New Zealand and Australian lamb; conduct an assessment to define the impacts of foreign lamb on our markets; and require that all imported lamb meet national standards applied to U.S. lamb.

Finally, the sheep industry is seeking inclusion of a new sheep or fiber program in the 1995 Farm Bill. There is a similar program for other fiber producers such as cotton.

Gilbert Huiznga, President—Washington State Dairy Federation

The dairy industry is in an unstable position at this time. In 1981, there were 1,650 dairy farms in Washington. We now have only 1,016. This instability is on an escalating trend line with 143 of the state's dairy farms ceasing operations since 1992. The cause of instability in the dairy sector is clearly related to the price of milk received by farmers. In July 1981,

the average weighted price I received for milk was \$13.45 per cwt, while in July 1994, the price had dropped to \$11.36 per cwt, a drop of 15.5 percent. The downward price trend for milk is directly related to support price reductions that Congress and USDA have implemented over time. A benefit of the price decline is that dairy program costs have declined from \$3 billion to about \$300 million, while the costs of this program is apparent in terms of dairy farm numbers.

We have the following comments on the dairy and environmental provisions of the 1995 Farm Bill:

(1) The Washington State Dairy Federation supports the concept of a self-help approach to transfer responsibility for and control of the nation's dairy product surplus management program to an industry board.

(2) Our federation supports elimination of the Budget Reconciliation Assessment on milk production because the control of the dairy surplus program will be transferred to the industry and because the dairy program only costs 10-15 percent of what it cost in the early 1980's.

(3) Our federation supports continuation and expansion of the Dairy Export Incentive Program. Expansion of DEIP is essential to prevent U.S. dairy farmers from being at an extreme disadvantage in international trade.

(4) Our federation is concerned that Congress will incorporate environmental concerns in the Farm Bill that aren't affordable, aren't effective, and aren't thoroughly considered for long-term ramifications. Consider the negative socio-economic impacts of the Endangered Species Act. In contrast, consider the dairy waste permit program adopted by Washington State, which is a model for other states because it has incentives for milk producers to adopt waste management programs. Voluntary approaches to solving environmental issues are more effective than heavy-handed regulatory approaches. We do recognize the positive programs of the SCS and local conservation districts which provide technical assistance to dairy farmers who voluntarily comply with water quality requirements.

(5) Our federation is concerned about getting a fair deal under NAFTA and GATT. We hope Congress is aware of the provisions of GATT and the implications for the dairy industry.

Don Grigg, President—Silverbow Honey Company/Grigg Apiaries

The problems of honey producers are so severe that many are shifting into other means of making a livelihood. The American honey bee farmer is directly responsible for 33 percent of the \$90 billion dollars worth of food and fiber produced in America annually. However, this contribution is threatened very seriously now because of 2 mites that have entered the United States and uncontrolled use of pesticides that has created huge bee losses. Bee colonies have been put out of existence. The other concern is the impact of the African bee. Because bees are hauled across the country, there is fear that migratory beekeepers will spread the Africanized bee colonies nation-wide. The most damaging threat to our honey industry is the imports from other countries with prices that are far below U.S. production costs. Given the vital role bees play in pollination, the government needs to carefully consider its actions. For example, discontinuing the honey loan program will save pennies compared to other commodity subsidies. The 6,208 beekeepers who participate in the honey loan program produce nearly 100 percent of U.S. honey that enters the market.

Marvin Hollen, Producer—Nyssa, Oregon

Dairy policy is strongly connected to nutrition programs, putting dairy farmers in the difficult position of being the enemy of low income consumers and taxpayers. Further, government purchases for nutrition programs are confused with surplus, contributing to more assessments and lower farm prices. Previous Farm Bill legislation helps processors but hurts farmers. For example, in the first 6 months of 1994, demand for milk was up 4.4 percent, yet farm gate prices dropped to mid-1970's levels on our farm. Producers in New England are receiving less than their cost of production. The legislation that put the III-A pricing scheme into effect is partly to blame because cheap powdered milk from III-A finds its way back into manufacturing and replaces milk from higher classes. The end result is that farmers are forced to expand production to maintain cash flow resulting in lower prices and forced dumping of milk on the world markets. Therefore, the Northwest Farmers Union requests that the Dairy Nutrition and Conservation Act (HR-3370) be part of the 1995 Farm Bill. Farmers must once again earn the cost of production with a return.

Panel 5 — Water Issues

Leroy Allison, Commissioner—Grant County

Sixty years ago, Joe Jantz gathered signatures of people who have been promised water, but he still has not received water through the aquifer recharge project. A second water issue is the Hanniford and the National Park's alternative to turn this into a scenic river while ignoring the 1957 Walluke slope agreement between the Department of Energy, the Atomic Energy Commission, and the Bureau of Reclamation that said the lands along the river would go back to the original owners at that time. Another issue is the systems operation review of the Columbia River waters which results in water spreading or an attack on local irrigators with false figures and accusations. The final water issue is the sole source aquifer, which the EPA is basing its decisions on models and extrapolations, not on facts. In summary, America needs a plan with incentives, not penalties as reason for farmers to be natural resource managers. Next, plans of development should be decided by the lowest level possible, saving dollars and increasing effectiveness. Lastly, farmers need a level international playing field so that equal standards are applied to imported food and fiber.

Dwayne Blankenship, Farmer/Grower, Pullman, Washington

We are concerned about the Palouse Clearwater Environmental Institute's (PCEI) petition to designate the water under Adams, Douglas, Franklin, Grant, Lincoln, and part of Spokane County as a sole source aquifer. I strongly disagree with the EPA's assumption that all the aquifers that underlie these 7 counties are interconnected as one source of water. Not one of the well drillers, geologists, or hydrogeologists I spoke with agree with the EPA and PCEI. EPA seems predetermined to make this decision, and only gave us 45 days to comment on their technical petition. However, we ask why we need the designation in the first place because we already have county and state ground water management programs, and our farm programs have to be approved by ASCS and SCS to protect soil and water. We request you to use your influence to request EPA to slow down this process and give us time to respond to the proposal. What various agencies are saying is they want to control, and this petition is simply a device by EPA to take over control of the water under nearly 8.2 million acres.

Alice Parker, Executive Secretary—Columbia Basin Development League

Congress authorized the Columbia Basin Irrigation Project of 1,029,000 in 1943. Only one-half has been completed to date and farmers on the second half are still waiting for water to be delivered to their land. Congress and the Bureau of Reclamation continue to break the promise to deliver water because of current policy coupled with the Endangered Species Act. The Columbia Basin Project has been beneficial to the nation, and the continued development could allow farmers to diversify crop production rather than produce wheat. The aquifer in this area has been depleted because deep well irrigation must be used as a temporary source of water. Additional fish and wildlife habitat would also be created with further development. Please consider the following during deliberations on the 1995 Farm Bill. Every Congressman and every constituent in the 385 districts out of 435 that generate less than 10 percent of income from farming must eat. The need for additional food for a fast growing population is coming, and continuing the Columbia Basin Project contributes to the security of our food supply. Concerns about farmers being good stewards of the land are unwarranted because many generations have remained on the land proving they are good stewards and environmentalists. The evidence of management is increased production, management practices, crop rotation, and lower pesticide use. Farmers need a profit if they are to continue to supply a good food supply for our country—they cannot do it without receiving the cost of production plus a reasonable profit. Increased food prices and subsidy assistance are necessary.

William Riley, Director—Big Bend Economic Development Council

According to recent newspaper articles, the EPA and other sole source aquifer (SSA) proponents suggest people should not be concerned about the designation of 8.2 million of primarily farm ground in eastern Washington. However, let's take a look at the facts. A SSA designation gives the EPA the authority to review and deny all federal assisted projects. For example, an estimated 25 percent of USDA projects are reviewed by EPA. The compliance costs for federal regulations, according to Dr. DiLorenzo at Loyola University, are \$25 billion annually. Giving EPA authority such as this has too many unknowns. Thus, SSA proponents are naive when they say the designation won't have an impact. But there is a solution that lets all parties win in the sole source aquifer debate. EPA can designate parts of a petitioned area. The Pullman/Moscow area sits in a sub-basin that is hydrogeologically intact, for the most part. Thus, it makes sense for EPA

to designate this sub-basin of the petition since the petitioners are from that area. This sub-basin designation gives EPA a win, the PCEI gets another layer of environmental protection, and residents in the Basin can continue with the current water management policies. Finally, EPA has failed to comply with the federal law—the National Environmental Policy Act (NEPA)—by not conducting an environmental assessment on the proposed sole source aquifer designation. While the EPA has recently granted a 90 day extension for public comment, I would like to seek USDA's assistance in requesting an additional 90 to 120 days on top of EPA's recent extension to ensure we can complete our study and provide the agency adequate comment.

Louis Meissner, Representative—Wilbur Ellis Fertilizer Company

EPA announced in late August its proposal to designate 8.2 million acres of primarily agricultural land a sole source aquifer. However, the agency established a comment period of 45 days with only 2 public hearings—not enough time for the people in this area to address the complex issue involving 6 entire counties and part of a 7th. Speaker and Senators' Murray and Gorton asked EPA to conduct an expeditious and timely review of the sole source aquifer petition, and they have completed their review. Now will you and Espy, on behalf of the agricultural community of Washington, request EPA to grant us proper time, say 180 days, to generate meaningful comment on their proposal? Our position is supported by the Washington State Farm Bureau and the Greater Pasco Area Chamber of Commerce.

Panel 6 — Conservation

Turk Ely, Farmer, Waitsburg, Washington

I'm a third-generation wheat farmer in partnership with my son, who wants to continue in production agriculture. Our success and survival depends on a sustained wise use of all the resources available to us. We should not be classified as choosing this profession as a lifestyle, but as an economically viable business. We cannot be put under an all-encompassing, farm-by-the-numbers regulatory agency (i.e., SCS) and still be enthused about creative and innovative farming methods. Mother Nature often proves most model predictions wrong. I would like to think that most of us in production agriculture have been leaders and at the forefront in soil conservation and environmental issues. We are just not as vocal nor as well financed as the special interest groups endeavoring to control our lives and destiny. Congress needs to mandate that farm

owners and managers, ASCS and SCS committee members, and extension and land grant college specialists work together in meeting the goals of the new farm bill. Instead of penalties and fines which often border on the ridiculous, we need incentives to accomplish minimum soil loss, clean air and clean water.

Norman Goetze, President—Oregon Wheat Growers League

The present CRP has been an exceptional success and there is strong and widespread support for its continuation. When terminating existing contracts (normally on September 30 of the 10th contract year), the present 90-day advance period for modification of cover does not allow efficient use of the land in many environments during the first post-contract year because of summer fallow rotations. If the cover is to be destroyed or consumed, contractors should be given the option of extending existing contracts for up to 9 months at the same pro-rated rental fee. If CRP is extended, the benefits will have to be targeted. In the future, erosion per se and the indirect effects on commodities will be of lesser importance than in the original legislation. If water quality enhancement and other societal benefits are the primary goals of future CRP programs, support should come from general sources and not from reductions in commodity support. Let the CRP stand solely on its environmental benefits at a level society is willing to support. The HEL concept is still viable as an eligibility criteria for CRP, but it needs improvement by integration of water quality, air quality, fish and wildlife habitat improvement, and overall ecosystem environmental enhancement. New CRP contracts should be limited to 20 percent of the cropland in a county, and have a base rental value of 75 percent of the current rate of the area, plus a value for the environmental benefits as rated by local USDA personnel. Cost-share for vegetative cover establishment would be similar to current programs. Landowners would not be interested in permanent easements on private land. Some would support easements with definite termination dates.

Diane Hollen, Member of the Board of Directors—Idaho Rural Council

The future of American agriculture is very dim for family farmers. Consumers pay more for a box of corn flakes than for a bushel of corn, and yet, family farmers continue to suffer financial hardships. We have a cheap food policy in the United States that encourages farmers to use pesticides, insecticides and animal husbandry practices that are not environmentally sound. Farms must become larger to spread out the costs. Family farms have a tradition of land stewardship that

has never met the “profit margin” test of the American agribusiness giants. We must accomplish the following goals in the 1995 Farm Bill: (1) reform farm programs to foster family farms and environmental stewardship; (2) strengthen conservation programs and encourage whole farm planning; (3) provide a safe and abundant food supply for all Americans; (4) guarantee farmers a price above their cost of production with a fair return on their investment; (5) reform commodity programs that encourage and favor large farms over family farms; (6) provide realistic supply management for commodities and control over-production; and, (7) fund programs that encourage economically and environmentally sustainable agriculture. At local fruit and vegetable stands along the roads, farmers sell to the public for their cost of production plus a fair profit. This is the way it used to work in America. This is the way it should work now.

Ron Stromstad, Director of Operations for the Western Regional Office — Ducks Unlimited, Inc.

We see expanded opportunities for the 1995 Farm Bill to provide wildlife habitat and still be friendly to the needs of the individual farmer. Re-authorization and extension of the CRP at the same or more acres is our highest priority. Many species of nongame, neotropical and other migratory birds are seeing a reversal of declining populations due to nesting habitat provided by the CRP, especially in the Great Plains. Nesting cover provided by the CRP is largely responsible for an estimated 13 million increase in this year’s duck fall flight, and has had positive impacts on big and small game populations in western states. The CRP is arguable the greatest conservation program ever run by USDA. CRP more than pays for itself through reductions in non-conservation farm commodity program outlays, revenue generated by hunting and appreciative wildlife uses, and protection of the food producing capability of the land enrolled. In addition to CRP, USDA should develop a “Challenge Cost Share” proposal which would administer a portion of cost-share assistance for installing a variety of conservation practices (currently 75 percent cost share limited to \$3,500 per producer per year) through states and non-profit conservation organizations to complete high priority conservation projects in targeted areas, in partnership with the landowner. It’s time for more discussion of the concept of using farm subsidies to reward those farmers who maintain beneficial conservation and land stewardship practices (i.e., “green” payments).

Claude W. Sappington, Regional Director—Department of Ecology, State of Washington

The Department of Ecology urges the continuation of the conservation efforts initiated in the 1985 Farm Act. Significant progress in the use of erosion control practices on farm land can be attributed to USDA programs. Conservation compliance measures have had a major impact on both air and water in the Palouse region, where nearly all land is classified as highly erodible. Residue requirements of compliance planning have resulted in less grain stubble burning. The CRP benefits the wildlife enthusiast and the farmer. We recommend renewal of the CRP, accompanied by guidelines that direct the limited funds to those areas providing the greatest public benefit, such as the steep-slope lands with precipitation patterns and erodible soil types that cause the most sedimentation damage to waterways. It is vitally important to establish intermittent blocks of permanent vegetative wind breaks in large areas of light, wind-blown soils. We encourage WRP eligibility requirements that focus on minor and intermittent drainage. The WRP allocations should be long-term and targeted to acres providing the maximum benefit to sediment retention and water storage.

Panel 7 — Farm Credit

John G. Nelson, Farmer and Board Member—The AgAmerica District Farm Credit Council

The financial well-being of many farmers, especially those just getting started in agriculture, is tied more than ever to the viability of our rural communities. Today’s agriculture is highly dependent on a modern infrastructure of processing, marketing, and transportation services to stay competitive in the world markets. Rural communities and businesses must continue to invest in those infrastructure areas to keep their local agriculture vibrant. Requests for quality rural housing, medical facilities, waste management, clean water, schools, and modern communications facilities are items on the wish list of most communities. But, many rural towns and businesses are finding it difficult to obtain the financing to maintain the necessary commitment to modernization and growth. I believe that the 1995 Farm Bill must offer rural communities with the ability to fund local development efforts. There are not enough financial resources available to revitalize rural America. I encourage you to consider the Farm Credit System as a resource to help in the revitalization of our rural communities. Legislation introduced by Rep. Clayton of North Carolina (H.R. 4129) is a good example of authority to permit Farm Credit lenders to become more active in agribusiness and infrastructure lending services.

Cliff Carstens, Farmer and Member—Palouse Clearwater Environmental Institute

I consider myself an advocate of sustainable agriculture, which I consider to be a total resource planning system that addresses societal needs, environmental concerns and is economically viable. One person said sustainable agriculture means having a good relationship with your banker. An area of concern is reforming commodity programs to support the environment and how this could reduce the lending institution's risks. Farm programs have no financial incentives for planting legumes and grass in a rotation for better soil health, and those who attempt to adopt non-renewable and resource conserving crop rotations outside the provisions of a farm program have lost future program benefits. Bankers and farmers are two of the key audiences needing information if an environmental reserve program is developed. Effective voluntary farm programs should address soil conservation concerns as well as insuring some income security for farmers while supplying an adequate food supply. Green payments with contracts up to five years should be established during years with set-asides to reward those producers that wish to go beyond the minimum annual requirements to be in compliance. Such a contract period would give the producer and lending institution a chance to see a positive cash flow for establishing the farming practice. Existing practices on eligible land should be eligible for a resource conserving crop rotation payment for maintaining the practice, with payments lower than for newly-created practices. A farm program should support conservation efforts that preserve our soil and protect our environment. However, the minimum conservation requirements in the program should not include practices that are untested, impractical or economically unjustified. Adequate funding and priority should be given to cooperative extension agronomists to insure this position remains stable within the cooperative extension program. Farm land owners and farm operators should be encouraged to participate above and beyond normal farming practices through positive incentive programs. I see economic viability as a bottom line factor when one seeks a loan from a lending institution, whether it be through FmHA, Farm Credit Service, or a private lending institution. My hope is for a farm program proposal that will get congressional approval and be administered so that environmental, social, and economic concerns will be in balance.

Judith Hensle, Ag Chair, Pomona Grange—Whitman County, Washington

The government's legislative policy should provide incentives for small and mid-size farms. With the help of student loans we have educated some of our brightest and best workers for

professions that now provide incomes better than in food production. In the Palouse area, it takes around \$200,000 collateral for a young person to enter the business of food production on leased land. We need something like the low interest and guaranteed loan funds that brought electricity and telephone service to our rural areas. The retiring farmer who would lease out land needs tax incentives, such as deferred capital gains. The new farmer needs to spread out payments, or at least graduated payments. Research funds have provided us with beginning data in Integrated Pest Management. Now we need young, innovative farmers who can make such systems work by providing liveable incomes.

Norman L. Lee, Farmer/Rancher, Kooskia, Idaho

To live and work on the family farm has been my goal for several years and is still a long way off. There is a great need for financial assistance for getting started in farming and ranching. We object to paying high interest on commercial loans. It seems like FmHA just wants to lend to those whose financial credibility is questionable. I would like to see some grants given to young men such as myself who are wanting to get into farming and ranching. I am not asking for a lifetime involvement, just some help to get started. I would like to see programs that would give grants or low interest loans. These programs must meet the needs of farmers and ranchers without burdening them down with paperwork, regulations and unrealistic requirements.

Robert Krug, Farmer and Board Member—The AgAmerica District Farm Credit Council

One of my responsibilities is serving on the Credit Approval Committee of Northwest Farm Credit Services, ACA. My objective is not to recommend any particular "best" farm program, but to share with you how Farm Credit lenders look at the farm-policy debate, and to urge you to put into place a program that allows a farmer to make long-term plans to maximize the profit potential of their operations. The worst possible policy choice is one designed as a short-term stopgap measure. For the lending community, perhaps the most important aspect of any Farm Bill is its continuity. Lenders make decisions based on the anticipated or projected income stream of a borrower's operation. For many producers, that income stream includes expected payments from the government. We believe that in fashioning the new Farm Bill, Congress and the Administration must consider the combined impact of all USDA farmer programs (including the importance of CRP payments) on the profitability of the individual farmer and rancher. Current rules limit the Farm Credit System's

involvement in value-added lending, such as when farmers wish to vertically integrate their operation. Legislation introduced by Rep. Clayton of North Carolina would remove the restrictive requirement to only finance those services that are provided "on the farm." Farm programs should bring continuity, not expand uncertainties. Farmers are able to best maximize the profitability of their operation if they can make long-term plans.

Panel B — Commodity Programs

Nate Riggers, Co-Chairman—USA Dry Pea and Lentil Council—Grower Division

Our main issue is how peas and lentils should be treated in the 1995 Farm Bill to assure that producers can protect base when they underplant program crops, maintain rotations and still comply with approved SCS conservation plans. Peas and lentils are legume crops grown predominantly in the Pacific Northwest in either 2-year or 3-year rotations with wheat and barley. The ability to plant peas and lentils on up to 20 percent of wheat and feed grain base has been in effect since the 1985 Farm Act. This provision has worked well for growers. With more emphasis on conservation, more growers have extended to 3-year rotations which cut rather than increase acreage. Growers have been able to vary planting configurations with much needed flexibility and still not lose base. The only danger from market disruption caused by over-production has turned out to be from rapid growth in the Canadian pea and lentil industry. Canadian dumping of cheap products into both U.S. domestic and foreign markets has depressed U.S. grower prices to historically low levels. Our proposal for the 1995 Farm Bill is to continue with planting flexibility and expand the flexibility for peas and lentils to be the same percent as for other crops.

Lloyd Lasz, Board Member—Northwest Farmers Union

Sound and aggressive commodity programs are the key to farm prosperity. Programs like P.L. 480 and the export enhancement program should be expanded, not only for the major commodities, but for minor ones such as peas and lentils as well. A most important action would be to raise the government loan rate to at least the cost of production. This would have a positive effect on commodity prices to the farmer at little or no cost to the government. Environmental and conservation requirements have been imposed over the last 10 years, resulting in added costs of farming which cannot be passed on except through higher support prices. Farmers are not able under current price structures to replace equip-

ment. A price level must be achieved that permits farmers to reinvest in their operations, rather than mine the last few dollars of their equity in producing food at below the cost of production. The deficit reduction programs have unproportionately reduced supports to the commodity programs. Supports paid to farmers now equal less than 1 percent of the federal budget, a small price to pay to keep a plentiful supply of low cost food for the consumer. Successful operation of the commodity programs requires vigilance in regards to practices that keep our American producers competitive and viable, such as the agreement with Canada in regards to wheat, even though barley continues to flood across the border. Commodity programs must aggressively address the subject of profitable price levels and protection from unfair foreign interference.

JoAnne Krupke, Grower/Producer, Edwall, Washington

I have three basic suggestions for the 1995 Farm Bill to expand on what we now have: (1) add the words "economically feasible" to the production adjustment side; (2) add the words "best management practices" within the conservation compliance provisions; and (3) extend the CRP. New regulations, such as SCS requirements to achieve conservation compliance, should be economically feasible for producers to implement on their farms. When you tie together conservation compliance with production adjustment payments, you should consider the expertise of the true environmentalists—the 3rd and 4th generation American Farmer. Factor in their experience with the phrase "best management practices." We used to laugh when we heard that John Deere was going to make a tractor cab with 2 seats—one for the farmer and one for the SCS guy. I don't think they could make a tractor cab big enough for all the people offering advice now on how to farm. My last suggestion is to extend the CRP program for another 10 years. The CRP has expanded wildlife habitat, saved and improved air and water quality, enhanced wetlands, and encouraged tree plantings. At the same time, it has reduced deficiency payments and helped to stabilize farm income. Please help us work together towards the goal of preserving the family farm.

Gary Rosman, Farmer, Washington Farm Bureau

Since enactment of the 1985 Farm Act, spending for farm programs has been reduced an average of 9 percent per year. As farm supports decline, farms continue to get larger and many now concentrate their production in just a few commodities. Vertical integration and contract farming are replacing traditional production and marketing structures. Key farm program issues are as follows. Improving net farm income, enhancing the economic opportunity for farmers and preserving property rights are our most important goals and should be the foundation on which all commodity price and income support programs are built. We favor market-oriented agriculture with supply and demand, rather than government action, ultimately determining production and price. U.S. policies affecting agriculture should be designed to: (1) ensure U.S. consumers access to a stable, ample, safe and nutritious food supply and minimize world hunger and nutrition deficiencies; (2) continue to improve the environment through expanded voluntary initiatives; (3) improve the quality of rural life and increase rural economic development; and (4) create a long-term, competitive and desirable agricultural growth industry by enhancing U.S. agriculture's competitiveness in the world market. We oppose modifications in the program that would change the direction of farm programs away from the market-oriented goals of competitive loan rates, voluntary stock reduction programs and income supplement as farmers move towards a market-based agriculture. Increased international competition, tighter operating margins and reduced governmental support all call for more producer flexibility in planting decisions. Policy options for 1995 should consider allowance for some whole-farm planting flexibility without loss of program benefits. There is evidence that annual acreage reduction programs have contributed to a loss in export market share and have been only partially effective as a price support mechanism. Alternatives to annual set asides, such as multi-year set-asides designed to achieve conservation/wildlife habitat goals, an environmental TOP program, and a flexible CRP program (which acts as a natural resource reserve) should be explored. Modifying the budget rules to extend CRP without scalping funds from the price support programs would enhance both programs. High annual set-asides (which would likely be required if CRP is not extended) would devastate net farm income. Modifying the general farm program to include incentives for conservation-related activities (green payments) deserves consideration. The majority of conservation incentives in current legislation are implemented through disincentives and penalties. Producing pure water, extra wildlife and additional open space on privately owned land that is not cropped largely involves extra

cost to the farmer with little or no economic return. If the public or Congress wants landowners and farmers to take extra measures to protect these resources, the public should pay for these extra benefits. It is important to recognize that people will do the minimum required to comply with mandates or regulations, but voluntary positive incentives will win converts to achieve greater environmental improvements than might otherwise be attained. Farm Bureau policy does not support a change in the fundamental scope and direction of commodity programs. Taxpayer and consumers must be given a chance to compensate farmers for environmental improvements they perceive to be beneficial, but which are not economically feasible for farmers to implement. Farm Bureau will oppose efforts to transfer commodity price support funds to green payments. However, shifting funds from the Clean Water Act, the Endangered Species Act, or budgets of EPA and the Department of Interior may be a possibility. Future budget cutting efforts will restrict the ability of price support programs to coerce implementation of environmental practices. From a budgetary standpoint, it would be a clear advantage to develop conservation incentives separate from current commodity price supports.

Stanley Riggers, Chairman—Idaho Barley Commission

We applaud the restrictions on Canadian wheat imports, but must express our extreme disappointment with the lack of any protection for the U.S. barley market. Canadian barley imports have had a devastating effect on our domestic prices and on the increased cost to American taxpayers as a result of higher than expected deficiency payments. We appreciate the budgetary stranglehold placed on federal farm programs today, but must continue to press the point that agriculture has contributed its share toward deficit reduction. We must develop a program that meets the dual objectives of a strong income safety net for producers and competitiveness on the world market. One recommendation would be a pilot program that reallocates existing program resources to direct payments to barley producers. We request that the malting barley assessment be eliminated immediately because this assessment is costing U.S. taxpayers money. If the present program is maintained, we would recommend the following changes. Target prices should be adjusted upward for inflation. We support a marketing loan for barley in the \$2.10-\$2.15/bushel range. We favor USDA's total acreage base concept, which will give farmers increased flexibility in choosing crops that fit into their rotation without sacrificing program benefits. We support a 0-percent set-aside for the 1995 barley crop. We favor an extension of CRP contracts in the 1995 Farm Bill. Regarding EEP, we support consolidation of EEP allocations for feed and malting barley, announcement of a global alloca-

tion for barley listing the eligible countries and total tonnage available, adding additional countries, such as Korea and Egypt, to the list of eligible markets for U.S. barley, and fully allocate the EEP resources allowed under the Uruguay Round Agreement. This approach would allow greater flexibility in responding to our customers' needs and changing market conditions. Barley producers remain committed to more open and fair trade.

Panel 9 — Conservation

Steve Watts, Vice President/General Manager—The McGregor Company

I offer my thoughts on how we might improve the conservation aspects of the next Farm Bill. As the conservation compliance clock has wound down toward full implementation, the noose has steadily tightened around the necks of farmers while chipping away at the freedom, dignity, and self-esteem of good people with strong ties to the land. We are concerned that many farmers are being forced into making poorly thought out changes in practices, more for the sake of complying than for any agronomic, conservation, or economic benefit. The main objective, protection of soil and water quality, is slowly disappearing from our consciousness as we narrowly focus on meeting arbitrary guidelines and rigid mandates for residue retention, particular tillage techniques and other so-called "approved" practices. SCS is not to blame for this dilemma, but are merely trying to do the job they have been commissioned to do by others who have little understanding of the difficulty of the task or the countless variables that inhibit our ability to make sudden and dramatic changes. Farming has always been, and shall always be, a combination of science and art. Individual farmer judgement and common sense combined with scientific discovery are the foundation of our agricultural progress. We need an approach in the 1995 Farm Bill which offers incentives and rewards innovation rather than one which threatens and coerces reluctant cooperation. The 1995 Farm Bill will hopefully provide SCS with the breathing room necessary to back off what is merely measurable and enforceable and allow them to realign themselves with farmers as partners, working together to reduce soil erosion and improve water quality through every available and practical means. At the same time, steps should be taken to reduce the risk for farmers if they are slightly "out of compliance." If farmers come within 90-95% of meeting arbitrarily derived guidelines, they should receive no less than 90-95% of

the price support assistance they depend on to support themselves and the entire rural infrastructure. Increased flexibility to do what is best and a responsible reduction in penalties will not inspire widespread abuse. If we truly want to make progress we must rebuild a relationship with farmers based on trust and mutual respect. We will never achieve our long term objectives with rigid mandates, mistrust and threats.

Carroll A. Schultheis, Producer, Colton, Washington

Many farms in southeast Whitman County Washington are 5th generation farms. The conservation ideas and machinery farmers have adopted in the last 20 years has done wonders for the fertility of the soil and the control of erosion. Farmers need and want to stop and hold the moisture where it falls on the soil to get high grain yields. Run-off costs big bucks for the farmer. Local SCS personnel have been a big help to farmers in the effort to control erosion, by devising water control methods to fit the various farms. The inconsistencies in the rules of conservation between adjoining districts, let alone the conflict of national directives has caused some problems and concerns for farmers, but all in all we do need the local districts and their farmer supervisor boards. This is the only way the farmer can offer input into the adoption of new proposals and methods, and also to get timely decisions when problems do arise. Some problems have been voiced by farmers trying to meet residue requirements. Each farmer's whole farm plan should be considered when a farmer cannot meet residue requirements on certain fields. Farmers need more planting flexibility to preserve crop base and still maintain an adequate income. Seeing as how the government has changed the rules in the middle of the game many times, most farmers are reluctant about not planting up to their base each year. The present CRP system must be maintained to control erosion on fragile lands and to avoid another grain reserve program bringing increased costs to USDA if all these additional acres are brought back in production. If we really need to cut costs in USDA, lets just start by taking the graft out of the food stamp program, and we will have adequate monies to renew the necessary CRP contracts. Deficiency payments to farmers are sometimes the only profit made by the farm. Our trade agreements do not seem to benefit American farmers, only our competition. Rules and regulations should be governed by local ASCS and SCS personnel, who know the area problems and solutions.

Rex H. Harder, CPA, LeMaster and Daniels Accounting and Consulting

I would like to address the Tenant Landlord Provisions of the existing and planned CRP regulations. A local wheat grower in Douglas County Washington brought this problem to our attention. The farm is owned by absentee landlords and is operated by a family farm operator. A portion of a leased farm was put into the CRP in 1986. The original operator's lease expired prior to the termination of the CRP contract. It is not feasible to segregate the CRP ground from the cropped ground. The landlord tenant provisions require that the original operator stay on the contract as "an other producer" and that the new operator sign the revised contract for a zero share as the operator. The result is that the new operator is equally and severally liable (for maintaining the CRP cover) and receives no payment. The former operator receives all of the payment and is protected under the landlord tenant provisions, which prohibit removing an operator from the contract unless he/she voluntarily agrees in writing to be removed, even if the lease has expired. Extensions of existing contracts should address the producer eligibility requirements. The former operator should not be allowed to continue to receive CRP payments because he/she does not have control of the lease. We recommend: (1) that any extension of the CRP will allow changing the operator if the operator on the original contract is no longer in control of the farming operation; and, (2) that the landlord and tenant provisions in a new CRP would provide a tenant some protection so that they may receive a share of the payment. Tenants have the responsibility to maintain the CRP cover and make sure all of the other contract requirements are met. The CRP should be extended since it has been one of the few farm programs that has really worked, and the conservation, environmental, and wildlife benefits outweigh the budget and other concerns. Producers with existing contracts, especially on highly erodible land, should have the opportunity to negotiate a new contract, perhaps with a different payment rate, different shares, and new producer eligibility requirements.

Jim Bauermeister, Palouse Clearwater Environmental Institute, Sustainable Agriculture Committee

The CRP is an example of a voluntary program that has a great deal of support from both farmers and environmentalists. CRP improved wildlife habitat, protected water and air quality, and may have boosted the price of wheat and other grains. However, the current CRP can not be defined as sustainable agriculture policy. There is no assurance that the benefits accrued by CRP will be around much beyond the expiration of the 10-year contracts. In Washington State, most CRP is in

the lower rainfall, wheat-fallow areas. There is very little CRP in the annual cropping area of the Palouse, which has some of the worst soil erosion in the nation. A scaled-down CRP that addresses rather than postpones resource problems and focuses federal investment where it will have the greatest environmental return would: (1) focus on impaired watersheds as prioritized by the state; (2) retire the most erodible (Class VI & VII) lands from annual crop production; (3) support conservation practices such as contour sod strips, grass waterways and riparian filterstrips that enable farmers to meet conservation compliance or water quality plans; and (4) limit enrollment to no more than 25 percent of a farm, unless a greater portion is Class VI or VII land. Lands that can be economically protected with other conservation practices, such as terraces or crop strips, should not be enrolled in CRP. I urge Congress and USDA to create an affordable and effective CRP in 1995.

Kieth Kinzer, Producer, Genesee, Idaho

A solution to the current problem of local control in conservation compliance is to put the SCS technicians back in the field as service representatives instead of in the office pushing papers. The paperwork is created by too many levels of supervision. Most of the non-county office staff should be laid off. The CRP could have been a good one but instead was used as a retirement program or a way to prolong control of ground. It also diminished our ability to produce and therefore compete in the world markets. I urge you to alleviate or reconstruct the CRP program. Ground that is not highly erodible should have never been allowed into this program.

Panel 10—Farm Credit and Risk Management

Mark Booker, Farmer—Othello, Washington

I would like to encourage the use of successful proven concepts in farm programs. The kinds of ideas and concepts that have made our country great. Washington State has been the spawning grounds of many excellent ideas.

Today our country has been caught up in the idea that the only way our country will be great is to make more laws which spawn copious regulations. In illustration, today we have laws and regulations that burden our productivity and cripple our economies.

On my farm I am burdened by Agriculture Program Regulations: (1) The Flex provisions do not provide necessary cropping flexibility. (2) The conservation provisions are unnecessary. Farmers conserve without regulations and so regulation is unnecessary. This past year I spent more than two full days fulfilling regulation compliance documentation paperwork.

Nellie Fuchs, Farmer—Tekoa, Washington

The Farm Bill of 1985 had little input from the American farmer and the problems of agriculture seem to have accelerated since then. There are so many changes, responsibilities, and decisions for the farmer to cope with that I would like to see the "Book of 1985-1995" Signed, Sealed and Put to rest.

We should then utilize all the input from the Farm Forums held during the past year throughout our Country and call back the expertise of the many Democrats, Republicans, and farmers and create a "Mutual Plan of Strategy" not a bill. One our future generations can work with, cope with and one we can be proud to pass on to them.

Nancy Taylor—Palouse Clearwater Environmental Institute

Two policy areas of concern to our institute are: (1) the impacts of trade agreements on domestic farm and food policies; and (2) the direction of federally sponsored agricultural research and extension.

The recent successful negotiation and implementation of the North American Free Trade Agreement (NFTA) and the near completion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) have not eliminated international agricultural trade as a source of conflict and crisis in the United States and in its relationships with other nations. Principle among these problems is the negative impact these agreements will have on current food safety, animal protection, and environmental standards, and some farm programs and state laws restricting foreign ownership of farmland.

Federally sponsored agricultural research and extension have served the U.S. farm community faithfully for more than a century, and provide an indispensable source of practical information and innovative ideas for farmers. The relationship between university researchers, extension agents, and farmers is an integral component in the success and productivity of U.S. Agriculture. These efforts, however, have been uneven, and have not conformed to the national purposes for federally funded research and extension established by Congress in 1990.

Jim Leifer, FCIC Chairman—Whitman County Association of Wheat Growers

FCIC redesigned the winter wheat option for the 1995 crop year to give growers two options; Option A, a 30 percent option and Option B, a 100 percent option. While the basic policy price stayed the same from 1994 to 1995, the winter wheat Option B increased from the basic policy price of 20 percent in 1994 to 78 percent in 1995 at the 75 percent coverage level. The increase was even greater at the 65 percent coverage level. This is a county with a Loss Ratio of 0.63 since the inception of Federal Crop Insurance.

With Option A, the growers in 1995 can receive a maximum indemnity of 30 percent for a higher premium than the farmer in 1994 received with a 100 percent indemnity guarantee. Where is the logic?

Another item of contention within our Association is the very low price election for wheat in 1995. The market price election of \$2.15 is too low and farmers are not electing to take MPCI. Yesterday, September 23, 1994 the cash price in Portland for 1995 wheat was quoted at \$4.25 per bushel. The perception is that the FCIC is not producing a viable product.

Don Moeller, Secretary/Treasurer—Spokane County Farm Bureau, Also views of National and Washington State Farm Bureau

Our most important goals are improving net farm income, enhancing the economic opportunity for farmers and preserving property rights.

We favor a market-oriented agriculture with supply and demand, rather than government action, ultimately determining production and price. Consideration of new concepts should include combining present farm programs, federal crop insurance and disaster programs.

The Food, Agriculture, Conservation and Trade Act of 1990 continues to move the United States toward a market-based export-competitive agriculture, a direction established and begun by the Food Security Act of 1985. We support that general direction despite what we consider a disproportionate share of the deficit reduction burden allocated to farm programs.

Panel 11—Commodity Programs and Conservation

Louise Dix—Washington Environmental Council

The Washington Environmental Council (WEC) is a statewide organization of affiliated environmental groups and individual members. WEC is supporting the Campaign for Sustainable Agriculture, a national coalition of family farm, environmental and rural advocacy organizations that are working to influence the 1995 farm bill. The Campaign's goals for the 1995 farm bill are to:

- Improve family farm income by reforming farm programs.
- Protect the environment and support stewardship of the land.
- Redirect research and extension programs to promote sustainable practices.
- Promote access to farm ownership for minority and beginning farmers and safe conditions and fair pay for workers.
- Strengthen rural communities; support cooperative, local marketing, and new processing endeavors.
- Provide a safe and abundant food supply.

Tom Schultz, Chairman—Washington Barley Commission

Washington state harvested 1.2 million acres of barley in 1985. Our 1994 barley crop has been estimated at 305,000 acres. This dramatic decline in acreage can be attributed to an eight year drought and low market prices.

As a wheat grower, I appreciate the recent negotiations with Canada on the restriction of wheat imports. As a barley grower, however, I find it frustrating to see that barley was left out of the negotiations. Through the National Barley Growers Association, we have presented data showing the negative impact of Canadian barley on the U.S. barley market. As I am sure you are aware, Canadian barley imports into the U.S. reached an all time high last year where at least 71 million bushels of barley were imported, resulting in the U.S. becoming a net importer of barley for the first time in history.

The effect has severely impacted the farm program for barley. The added pressure of these additional stocks has driven down the farm-gate prices by an estimated 27 cents per bushel, increasing budget exposure for deficiency payments. This reduction in price is equivalent to a loss of over \$ 6.2 million

to Washington barley growers alone. In addition, it is projected that nationally an additional \$86 million in barley deficiency payments will have to be paid for the 1993-94 marketing year.

Fred Riggers, Farmer—Nezperce, Idaho

If the conservation program and the environmentalists want so much compliance from me as a farmer, let them pay for it. I've seen our deficiency payments drop in half and its getting to the point where I don't have to have the payment. If you don't make the program usable, we're not going to use it.

Al Haselbacher, Executive Secretary—Intermountain Grass Growers Association

Bluegrass is an important perennial crop that should be considered in the 1995 farm bill because of its soil erosion control abilities on hill soils and because of the near miraculous ability to protect water quality through the strong filtration properties of bluegrass sod. The current Farm Bill does not protect a farmers wheat/barley base acreage when land is in grass seed and this disincentive should be corrected in the 1995 Farm Bill.

Nearly one half million people rely on the Rathdrum Prairie/Spokane valley "sole source aquifer" for their drinking water. Water flows through this underground river at a rate of 350-650 million gallons per day and cities pump 125 to 650 million gallons per day on peak usage.

The acreage of bluegrass fields over the aquifer has been decreasing because of the public controversy over the production practice of post harvest field burning of residue. This practice is still needed for its physiological stimulus to seed yields and disease control. However, extensive research into finding alternatives is underway. Some groups of clean air advocates cannot see the benefits of the trade off of 40 to 50 hours of burning time per year in late August/early September for a whole year of water quality protection and soil/wind erosion protection. Because grass sod also holds down the soil during wind storms, there is even improved air quality benefits during the heavy wind storms that hit the Inland Northwest several times per year.

Panel 12—Conservation, Risk Management, and Marketing

Brett Blankenship, Farmer—Ritzville, Washington

The sole source aquifer petition of the Eastern District is an EPA issue. It is part of the Safe Drinking Water Act of 1974, 1424 section E, providing EPA with review of federally funded projects which could possibly damage an aquifer. For a sole source aquifer, the only criteria are how many people drink from it and whether you can define the boundaries and whether they have alternative sources.

The one that came up for discussion today provides 88 percent of the drinking water for the people within the boundary. The issue is projects for review, not programs. Despite the gloom and doom predictions that occurred, the facts should put to rest some of the fears.

There are at least 63 sole source aquifers already designated in the United States. No detrimental effects have been experienced by agriculture.

Another claim made is that a sole source aquifer designation is costly. There's no proof of that nationwide, based on the other numerous sole source aquifers. They were afraid of the Bureau of Reclamation project, but to my knowledge, the Bureau of Reclamation is already exempt. Agriculture is unaffected by sole source aquifers.

Paul L. Horel, President—Crop Insurance Research Bureau, Inc.

I would like to thank the U.S. Department of Agriculture for initiating the most comprehensive reform of federal crop insurance since the 1980 Act. This has been a difficult project and the open manner in which the Administration has approached solving this problem has put us on the verge of success. As crop insurers, we believe that this legislation greatly improves the overall chances of success for this program. It's not perfect and initial implementation will be rocky due to the lack of time between ultimate passage and implementation but there are a lot of entities who are pledged to make it work.

As debate is initiated on the 1995 Farm Bill, I would like to make just a few statements. I would urge Congress to work with FCIC and its private-sector partners in continuing efforts to reduce the complexities of the program. Because expense reimbursements to companies have been and will continue to be reduced, there simply must be some relief in the regulatory demands on companies. We would like to be involved in discussions on the concept of revenue or income protection insurance as they arise during the 1995 Farm Bill debate.

Lee G. Hammer or Richard S. Rice—North Douglas County Landowners, Mansfield, Washington

CRP contracts should be extended for 2 years. This would give the Congress time to work with agricultural and environmental groups to have a sound program.

CRP contracts should be 5, 10, or 15 year contracts with the option to renew at that time. This would present a long term solution to the environmental and grain needs for now and the future.

There are two studies being funded by EPA on PM-10. The studies are multi-agency research projects concerning wind erosion in the Columbia Plateau of Eastern Washington. The studies are dealing with land erosion and health concerns pertaining to PM-10 particulate in the Spokane and Tri-City areas.

When the EBI equation was evolved for the 1990 Water Quality Program wind erosion was not factored into the equation. Wind erosion has an adverse effect on water quality in the Pacific Northwest.

We feel a perpetual lease is not a valid option for CRP. Perpetual leases tend to devalue the land.

The funding for renewed CRP contracts should not come out of other agricultural programs. Funding should come from other sources within the Federal Government.

The renewed CRP should be administered on a regional basis. Each region has different environmental and erosion problems, which should be managed on a regional basis to address the different problems in each area.

Some of the contracts will not be renewed at expiration for reasons other than the payment rates or restrictions. Because of ownership changes and operator changes or unknown reasons, we expect about 10 percent of the contracts will not be renewed.

If too many strings or regulations are attached to the contract, the holders will not renew regardless of payment rate.

Scott Lybbert, Secretary/Director—Columbia River Sugar Co.

Sugarbeets were a very important part of the agricultural economy in the Columbia Basin for many years. However, because of the expiration in the mid-1970's of the old Sugar Act, which stabilized prices for both consumers and producers, the Utah and Idaho Sugar Company closed factories in 1978 which were located in Toppenish and Moses Lake.

The lack of a sound sugar program for the nation in the mid-1970's and early 1980's has taught our Congressional and Administration policy makers an important lesson. It is our goal to build a sugarbeet processing facility in Moses Lake. In order for those plans to move forward, we need the assurance of an extension of the sugar provisions in the 1990 farm bill. It is essential that the rule covering marketing allotments be on par with the established processors.

Mike Harker, Administrator—Washington Asparagus Commission

We support the goal of freer trade, but too often we open our markets to foreign goods without getting similar market access in return. Look at the APHIS problem we are facing with Mexico and Chile—while their products have complete access to our markets. Free trade must mean fair trade.

The Asparagus industry faces increasing challenges from Mexico as we phase out tariffs as required under NAFTA. As U.S. negotiators look to Chile and other Latin American Nations for future trade agreements, these challenges will increase significantly.

The domestic asparagus industry does not fear competition. However, high duties often price us out of the market when competing with countries which enjoy the benefits of the generalized system of preferences (GSP) program. This is also a problem in countries which have environmental and labor standards which are lower than those in the U.S.

A prime example of the unfair trade barriers that our industry faces is the case of Switzerland. Exports of fresh green asparagus from Washington, Oregon, and California to Switzerland have increased in recent years and we believe that the Swiss market has even greater potential. Unfortunately, as our exports have expanded, the Swiss Government has acted to protect its market by issuing import quotas to limit imports during the domestic growing season.

Often times when we see opportunities abroad, the Federal Government has taken away the necessary tools to take advantage of these opportunities. The Market Promotion Program (MPP) is a perfect example of this. In recent years, MPP has become the target of misinformed members of Congress who call it welfare for the rich and ignore the positive benefits of expanded exports, such as job creation.

Panel 13—Conservation and Risk Management

Leland Roy Mink, Hydrologist—Moscow, Idaho

The aquifer we have in the Columbia Basin in Idaho is a multiple group aquifer. First, it's a stack of three separate aquifers. There's minimal, if any, vertical flow from the upper ones down to the deeper ones. We have different uses for the various aquifers. We also have hydrologic boundaries, basic systems separated. So in the context of the designation that I see, we've got a complex system of both vertical and horizontal aquifer units.

As a professional hydrologist, I find it difficult to support that context with a large blanket designation for that system. I could, on the other hand, support where we look at specific aquifer units and look at the need for protection and support that.

Tanny Clarkson, Owner—Hermance Insurance Agency

I must express some concern about three issues that could threaten the true success of the crop insurance program if the right decisions are not made in the House-Senate Conference or in the implementation of the program. (1) Simplification and reduction of the administrative paperwork and regulations surrounding the program. (2) Limitation of insurable units on catastrophic protection to one per county per crop. (3) Development of agent listing in ASCS and Extension Service Offices.

I get the feeling ASCS will be competing with crop insurance agents for crop insurance business rather than working together with us to deliver a program to the farmer. I hope an attitude of cooperation will be stressed by Secretary Espy

Industry needs to be involved with revenue insurance discussions. I happen to write policies for American Agrisure, one of which is the Market Value Protection (MVP) plan. This plan could provide revenue insurance to farmers.

Steve Wedel, Vice President—Rain and Hail Insurance Service, Inc. Pacific Division

We have been supportive of the Administration's reform bill since its introduction. However, as a company which serves about 25 percent of farmers in the MPC program, we have a major concern with one aspect of the reformed program which we think could seriously threaten its overall success.

Our concern is insurance unit definition. We endorse the Administration's testimony that catastrophic coverage will be on a country crop unit basis and that growers will have to buy-up their coverage in order to get individual farm unit division. This position is sound because it will provide strong incentives for growers to purchase improved risk management protection that will be crucial when disasters occur. However, we are concerned that the Administration may change this position and provide individual farm units at the catastrophic coverage level. If this happens, a higher percentage of the growers may choose to only purchase minimum protection which will not provide them with adequate protection in disaster years. This could result in a loud call for additional disaster relief.

Karen O. Lee, State Executive Director—Alaska State ASCS Office

The last two farm bills have continued anti-production policies with sodbuster and swampbuster. For most of the country, where whole counties are cultivated border to border, these policies probably are fine, but for fringe areas like Alaska, where we have been trying for years to reduce our dependence on travel weary boat food, they are not. If sodbuster and swampbuster are tightened any further, opening new land will not only be expensive, difficult, and risky, but it will be impossible.

It seems to me that, at the very least, the new farm bill should be flexible enough to relax sodbuster proscriptions in areas where existing cropland is below a certain percentage of the total potential cropland. Our land fitting ASCS definitions of cropland is probably under one per cent of the potential.

Flexibility in the farm bill would be welcomed in the commodity programs as well. Currently, many of the ASCS programs are off limits to Alaska either by specific named exclusion (dairy program) or by numbers. The target price is set at one national level, regardless of regional variation. The rate is too low to be of any help due to our freight differentials.

Richard Rush, State Executive Director—Idaho State Committee, Agricultural Stabilization and Conservation Service

A survey of CRP contract holders revealed that 85 percent of the respondents were in favor of extending the program at the current payment rates for 10 more years. When asked if they would extend their contract with a reduced payment rate, only 35 percent responded they would extend the contract. If the extension included incentives for haying, base protection, grazing or some other use, 73 percent stated they would extend their contract.

Submitted Papers

Don Himmelberger, Manager—Columbia County Grain Growers Cooperative

I would like to urge you to continue the commodity loan program. This gives our producers a mechanism to market their grain rather than having to sell right after harvest due to the insistence of their creditors. The ability not to market grain gives the market a chance to absorb what is sold. If all the loan grain were marketed directly after harvest, the increased supply of sales would definitely depress the cash market.

I encourage you to continue the Export Enhancement Program. As you know this keeps us competitive with the world market as well as lending stability to our cash market. Without the ability to subsidize in order to make the sale we will lose our market share of business and as your own statistics have shown, once we lose market share, we don't get it back.

***Emile Robert, Robert and Sons Land and Livestock—
Yakima, Washington***

The cultivated dry land of the state of Washington is plagued with wind and dust erosion. The Conservation Reserve Program has helped enormously in alleviating the erosion. We strongly feel that there should be a continuation of the Conservation Reserve Program.

***David E. Ortman, Director—Friends of the Earth, Pacific
Office***

The 1995 Farm Bill will not be just about farms, or agriculture. It will involve issues such as erosion, wetlands, pesticides, polluted runoff, surplus crops, subsidies, taxes, buyouts, etc. The Department of Agriculture must broaden its thinking beyond a "farm policy" to a sustainable agriculture policy.

We were pleased the Secretary Espy's August speech to the Midwest Governors Conference recognized environmental concerns. However, Secretary Espy's blind cheerleading for NAFTA and GATT and blind faith that "The more we produce and the more we trade, the better off everyone becomes" is the type of rhetorical nonsense that will not lead us to a sustainable future. While the Department of Agriculture and EPA have signed an MOU pledging to work together, we remain concerned that improvements in one direction are undercut by Administration policies in another direction, such as EPA's intent to gut the Delaney Clause, putting citizens at risk from food additives.

Robert J. Clark, State Master—Washington State Grange

A trend has been underway in this country for decades and it continues to point toward a disturbing conclusion: our country's agricultural production base is shifting from mid-size family farms to larger and larger operations, often controlled by corporate giants or absentee owners. An increase in the size of our farms eventually leads to fewer people involved in agriculture. When that happens we see our small towns begin to dry up and our schools, churches, medical clinics and Granges start boarding up their windows. This trend is clearly visible in the Midwest and we can point to dozens of communities in the Pacific Northwest which are undergoing this deadly transformation.

According to USDA estimates, about three-quarters of all farms do not generate sufficient gross revenues to provide the majority of a family's income. What impact does this have on farm policy and farm income? The Grange believes that partially commercial and sub-commercial farm operations are important parts of American agriculture that need a federal farm policy that takes their requirements into account.

Robert Schwerin, Farmer—Walla Walla, Washington

We are in the eighth year of drought in the last nine years. Not everyone has been equally affected, but asset positions in this region generally have deteriorated to the point that growers are counting the number of bad crops they can absorb before being forced out of business. For too many of us older farmers and more critically for too many of our young farmers the countdown is approaching zero.

We are asking for the Federal Government to supplement our industry's on-going efforts. As growers we conduct continuous on-farm research in resource conservation. Our industry finances university research, and the northwest wheat industry is a pioneer in international marketing. We are not asking the government to hand us solutions, but to join us in search for solutions.

***Nadene Naff, Keller District Council Representative—
Coville Confederated Tribes***

How is the General Agreement on Trade and Tariffs affecting U.S. Trade and why is this agreement fast tracked? Why are there no windows to amend or change any conditions or policies?

Will the 1995 Farm Bill continue to promote Indian Agriculture. Have the 1990 Farm Bill provisions been fully implemented? If not, what are the barriers?

R. Ted Bottiger, Chairman—Northwest Power Planning

The Northwest Power Planning Council is an agency of the states of Washington, Idaho, Montana and Oregon. The Council was created by the Northwest Power Act of 1980 and given three distinct charges: 1) to prepare a long-range electric energy plan for the Pacific Northwest, focusing on lowest-cost, environmentally responsible sources of power; 2) to prepare a program to protect, mitigate and enhance fish and wildlife of the Columbia Basin that have been impacted by the construction and operation of dams; and 3) to involve the public in these processes.

The Council's highest priority for salmon and steelhead habitat is to maintain its quantity and productivity. We are especially concerned about preserving or restoring streams where salmon and steelhead can spawn naturally. One objective of our Strategy for Salmon is to ensure that activities are coordinated in each watershed. We believe this will benefit fish and wildlife as well as the other users and uses of the watershed. This is not just a planning process; it should be how watershed management and salmon enhancement are carried out. The interests of all parties should be considered and integrated into an overall approach.

At the urging of many citizens, including legislators, to keep local communities in the decision-making process, we chose the local conservation districts and the Soil Conservation Service and other locally oriented agencies as the leads to implement locally developed habitat conservation plans. Once implemented, these plans could be recognized under the Endangered Species Act and, perhaps, make listings of fish in those watersheds unnecessary.

We urge your continued commitment to implement these programs and expand them into additional watersheds. The Council endorses efforts to develop active conservation plans that return economic benefits to landowners and environmental benefits to fish and wildlife.

Paul Weingartner, Western Sustainable Agriculture Working Group—National Sustainable Agriculture Coordinating Council

The Campaign for Sustainable Agriculture, a network of diverse interests working together to foster a sustainable farm and food system, will advocate for fundamental reforms in federal policy in the 1995 Farm Bill. The Campaign emerged from the National Dialogue on Sustainable Agriculture, a two year consensus building effort that encouraged broad popular participation in defining federal policy options. The Campaign involves hundreds of grassroots and national organizations representing family farmers, conservationists, consumers, environmentalists, animal protection advocates, farm workers, people of faith, and other concerned citizens.

The Campaign is committed to a farm and food system which:

- supports stewardship of the land and its resources.
- combines economic viability with environmental soundness and social justice.
- promotes family farm and rural community economic opportunities.
- optimizes the use of on-farm and renewable resources.
- ensures a safe and abundant food supply produced under safe working conditions and with fair pay for all workers and humane treatment of animals.
- provides consumers with adequate information to make informed choices.
- maximizes social, environmental, and economic benefits from limited public funds committed to food and agricultural programs.

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